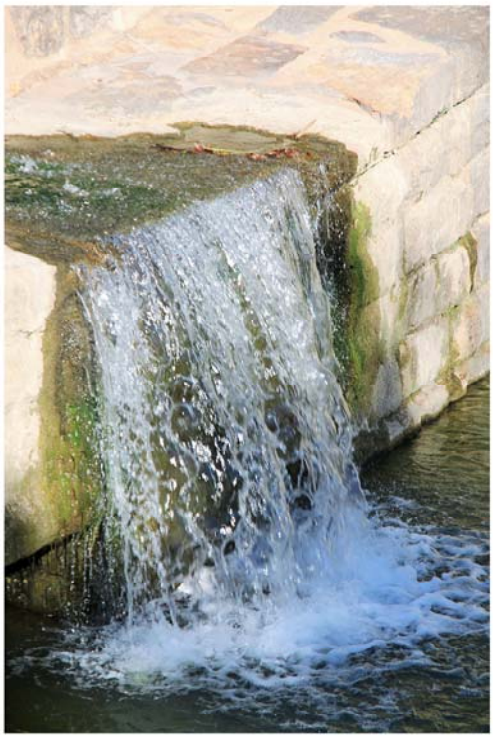

CITY OF ALLEN

Comprehensive Annual Financial Report For Fiscal Year Ended September 30, 2017

Historic Water Station
Interpretive Trail and Bridge

CITY OF ALLEN, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF ALLEN

FISCAL YEAR ENDED
SEPTEMBER 30, 2017

AS PREPARED BY THE
FINANCE DEPARTMENT

CITY OF ALLEN

CITY OF ALLEN, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017
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CITY OF ALLEN

INTRODUCTORY SECTION

CITY OF ALLEN

CITY OF ALLEN

February 19, 2018

Honorable Mayor and City Council, City Manager,
Citizens of Allen:

The Finance Department is pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Allen, Texas (the City), for the fiscal year ended September 30, 2017.

This report is published to provide the City Council, our citizens, City staff, and other readers with detailed information concerning the financial position and activities of the City. Management has prepared the report and is responsible for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures. To the best of our knowledge and belief, the enclosed data is complete and reliable in all material respects. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

Also included in this report is an unmodified ("clean") opinion on the City of Allen's financial statements for the year ended September 30, 2017 issued by Weaver and Tidwell, L.L.P. The independent auditors' report is located in the beginning of the financial section of the CAFR.

REPORTING ENTITY

This report includes all funds of the City including its component units. Component units are legally separate entities for which the City is financially accountable but are not part of the City's operations. The Allen Economic Development Corporation (AEDC) and Allen Community Development Corporation (ACDC) are included in the financial statements as discretely presented component units.

CITY PROFILE

The City of Allen is the fourth largest city in population in Collin County, one of the fastest growing counties in the nation. Located 25 miles north of downtown Dallas on US 75, Allen encompasses approximately 27 square miles. The George Bush Tollway and Sam Rayburn Tollway (Hwy 121) provide direct access into the Metroplex and access to Love Field (27 miles) and Dallas Ft Worth International Airport (31 miles). With a population of 4.94 million in a 30-mile radius, Allen sits in a prime location for restaurants, shopping centers and other retail venues. The quality of the Allen community attracts well-educated residents with a high level of spending power and disposable income. Current population of 99,882 at September 30, 2017 is estimated to grow to 125,000 at build out.

Incorporated in 1953, Allen is a home rule charter city. The Charter can be amended only by a vote of the people and provides for seven non-partisan Council members, including the Mayor, to be elected at-large to staggered terms of three years. The Council is responsible for enacting ordinances, resolutions, and regulations governing the City as well as adopting the annual budget which serves as the foundation for financial planning and control. The City Council appoints the City Manager, who has full responsibility for carrying out Council policies and administering City operations. The Council also appoints the Municipal Judge and various advisory boards.

City service departments provide a full range of services including police and fire protection emergency ambulance service, municipal courts, building code enforcement, library, parks and recreation, tourism, water and sewer services, sanitation/solid waste services, traffic engineering, and construction and maintenance of streets and infrastructure. The City employs 797.95 full time equivalent positions.

ECONOMIC CONDITIONS AND OUTLOOK

Regional Economy

In November 2016 the Dallas Morning News ranked Allen as the #2 Best Neighborhood in North Texas citing the “small-town feel” and “hometown pride”. The City of Allen unemployment rate as of September 2017 was 3.1% and the Collin County unemployment rate was 3.2%, both of which were below the national rate of 4.2%. The Dallas-Fort Worth area has an incredibly diversified economy, excels in a low unemployment rate, a growing labor force, low cost of living, affordable real estate costs and a superior business climate. The lower cost of living creates huge savings to corporations and their employees when relocating to Texas.

Allen’s Position in the Region

Along with an ideal location just 12 miles north of Dallas on US 75, Allen’s appealing demographics have spurred along record-breaking growth. The population of 99,882 is expanding with an estimated 4.2% growth rate. Allen has benefited from a well-educated and affluent workforce with an average family income of $131,926 as reported by the U.S. Census Bureau, American Community Survey. With an average age of 35.7, over 53.1% of adults have a Bachelor’s degree or higher and the average earnings for a resident with a bachelor’s degree is $67,414. Allen is a community that offers exceptional housing, award-winning schools, steady job growth, and dynamic business climate all of which are strong factors in the success of the City’s economy. The quality of the Allen community attracts residents with a high level of spending power and disposable income. This makes Allen a prime location for restaurants, shopping centers and other retail venues.

Allen’s progress continues to be recognized as the City was named the #2 “Best Places to Live” in MONEY’s prestigious annual list in October 2017.

Long Range Financial Planning

The City’s responsiveness to emerging economic challenges and its long-term planning have been key factors in its fiscal health. The City has a five-year financial plan and a seven-year capital improvement plan where departments reevaluate project priorities, review funding sources, and identify new projects as needed. Using this plan allows the City to plan the timing of projects associated with debt issuance and the effects on the tax rate. Standard and Poor’s credit rating report stated, “the city’s Financial Management Assessment (FMA) to be ‘strong’, indicating practices are strong, well embedded and likely sustainable.”

The City continues to maintain the highest ‘AAA’ rating from Standard and Poor’s and during 2016 received a rating increase from Aa1 to Aaa from Moody’s on its general obligation, certificate of obligation bonds. This increase makes the City of Allen just one of seven Cities in the State of Texas to have both a AAA rating with both S&P and Moody’s. The Water and Sewer Revenue Bonds are rated ‘AAA’ from Standard and Poor’s and Aa2 from Moody’s. S&P’s August 2016 rating report supporting the ‘AAA’ rating stated the following credit factors:

- Strong local economy
- High effective buying income, strong market values
- Budgetary flexibility and strong year end reserves and liquidity
- History of strong financial management practices that are sustainable
- Faster than average debt amortization and moderate overlapping debt, while the debt liabilities profile is adequate

During FY2016, the City completed a CIP Bond Program totaling $93 million estimated to be completed over seven years. In FY2017, the City issued $11,845,000 related to the bond program. For more information, related to this program please visit the following link: http://www.cityofallen.org/1718/Allen-Bond-2016.

Additionally, during FY2017 the Allen Economic Development Corporation issued Sales Tax Revenue Refunding Bonds, Series 2017A which refunded the series 2008 and 2010A outstanding sales tax revenue bonds resulting in a net present value savings of $1,151,087. The Allen Economic Development Corporation also issued Sales Tax Revenue Bonds, Series 2017B in the amount of $6,140,000 for the purpose of land acquisition and infrastructure improvements.

Fiscal Year 2017 Highlights

During FY2017, the City accomplished many initiatives to enhance livability, improve personal experience, invest in the future, and celebrate the successes. From quality neighborhoods to park development, community safety, and environmental initiatives, it's no surprise that people move here because they want Allen's quality of life.

As the city's population continued to grow, the need for new housing continued as well, with the Community Development Department issuing over four-hundred and thirty building permits. The City welcomed a variety of new businesses to the city, including Compass Data Center, Kaizen, NetScout, Watchgaurd Video and a major expansion to the Allen Premium Outlet Mall. Facilitated several new residential developments including The Village at Twin Creeks – Phase III, Walnut Springs, Ridgeview Crossing and Montgomery Ridge. The City also administered Community Development Block Grant funds which went toward the rehabilitation of ten homes within Allen's older neighborhoods.

Despite a slight rise in crime statistics in 2017, the City of Allen remains one of the safest communities in the state and nation. The Allen Police Department continually strives to rapidly address emerging crime issues through its innovative Community Relations programs, which have also enhanced community engagement. As an example of Allen's continued use of technology to increase service delivery, the Allen Police Department has deployed 100 body-worn cameras to all Patrol Officers, which will ensure the safety of Officers and Citizens, and continue to maintain public trust and confidence.

The Fire Department also improved their service to the community by opening the remodeled and expanded Fire Station #2. The Fire Department reduced response times, re-wrote medical treatment protocols to include the latest in-patient care, updated fire apparatus to meet the demands of a growing community, expanded professional development programs for staff, and added automatic patient cot loading systems to six ambulances. Additionally, staff applied for and received $550,000+ from the Texas Ambulance Supplemental Payment Program. Lastly, the department increased inter-operability with neighboring fire departments through joint training and resource sharing.

The City's environmental conservation and green initiatives continued to grow and develop with the implementation of new energy management systems at City Hall, another year of recycling at City facilities with an increased recycling presence at City parks, another year of chemical redistribution at the Chemical Reuse Center, coordination of special events and public education programs related to protecting and conserving natural resources, and winning multiple awards from regional, state and national organizations dedicated to resource conservation. The City has continually been recognized for its efforts to expand in this area, culminating in the winning of the National Recreation and Park Association's Gold Medal Award and being recognized by Keep Texas Beautiful as a Gold Star Affiliate and Governor's Community Achievement Award - Sustained Excellence Award Winner.

The Library continued to emphasize customer service while supporting lifelong learning, literacy, access to information, and a sense of community. The Library checked out over 1 million items for the third consecutive year, greeted more than 396,000 visitors, and hosted slightly more than 84,000 participants for Library programs. The Library reached new highs in checkouts for at least the 22nd consecutive year, in visitors for the 4th consecutive year, and program attendance for the 9th consecutive year while continuing to provide a vibrant, welcoming environment for Allen citizens. Library programs encouraged reading among all segments of the community from infants to seniors, including story times and the "1000 Books Before Kindergarten" initiative for preschoolers as well as Summer Reading Clubs for children, teens, and adults. The size and use of the Library's digital collection, both e-books and e-audiobooks, continued to grow while physical materials such as books and DVD's, also remained popular. To support literacy and lifelong learning, the Library offered arts, science, reading, and other programs for children and teens. For adults, literary, cultural, historical, and musical events were supplemented by programs about food, crafts, travel, health, and other topics of interest.

In 2017, the CDC provided funding for several capital projects such as the finish out of Ford Pool, replacement of playground equipment at Green Park, engineering design of Windridge Neighborhood Park, installation of LED signs at City recreation centers, engineering design of Spirit Park, installation of security cameras at Watters Station Park, and continued Trail Development and Enhancement.

The Allen Economic Development Corporation worked to bring a variety of companies and related development to Allen, including: Breaking ground on the Watters Creek Convention Center, a $91 million convention center and four-star hotel slated to open in January 2019; finalizing plans and breaking ground on One Bethany at Watters Creek for a 125,000 SF Class A office building opening in February 2018; winning the relocation of NETSCOUT, a cyber-security company, which will bring 540 high paying jobs to a new $54 million headquarters building in One Bethany at Watters Creek in July 2018; announcing a development partnership with Hines for The Strand, which will bring over 3.5 million SF of mixed-use development to the 121 Corridor with corporate campus, office, retail, and residential uses; recruiting and assisting CyrusOne with a 1,000,000 SF data center campus which will increase the city's property tax base by up to $1 billion when completed; assisting and opening the first $50 million phase of Compass Datacenters $300 million data center campus; and assisting and breaking ground on local company WatchGuard Video's expansion into a new $46 million headquarters facility. These projects not only increased the city's property tax base, but also positively affected the city's economy by increasing the number of jobs in Allen.

One of the city's major draws, Allen Event Center, is home to a wide range of entertaining shows and events- Disney on Ice, Theresa Caputo, The 1975, Panic at the Disco, Professional Bull Riding, Boxing and other amateur and collegiate sports. The Facility hosts a number of trade shows such as Home & Garden Shows, Gun Shows, Job Fairs and among others. The Allen Event Center was also the home to professional sports; the Allen American Hockey team, the Dallas Sidekicks Soccer team, and the Texas Revolution Indoor Football team. The Texas Revolution capped a successful season by winning, The Champions Cup, after winning the IFL championship.

Allen Convention and Visitors Bureau (ACVB), funded by the Hotel Tax Fund, markets Allen as a destination for meetings, conventions and sporting events. This helps generate economic activity from the visitors to Allen. Events such as the National Collegiate Wrestling Association Championship, Dallas Cup T &T, Texas Twisters, Texas Association of Spots Officials resulted in over 8,000 visitors that booked approximately 3,500 hotel room nights, and generated more than $3.4 million in economic activity. The CVB also stimulates regional tourism by promoting the city for shopping, dining and entertainment.

With all this happening within Allen's borders, it's clear that the city is working hard to provide every resident and visitor with great experiences, services and safety.

Relevant Financial Policies

A resolution amending the Debt Management and Fund Balance Reserve Policy to reflect new accounting requirements (GASB 54) was approved by Council in September 2011. The Investment Policy is also approved annually by the Council. All other policies (accounting, budgeting, procurement, capital improvements, asset management, and risk management) are internal policies approved by the Finance department and City Manager. These policies follow guidelines established by management, professional organizations and/or state and federal laws and are reviewed on a periodic basis. Recently, the Training/Travel Policy was updated to reflect changes in city processes and provide added flexibility for travelers, as well as provide greater ease for Finance staff during the reconciliation process. On a quarterly basis the Finance Department prepares financial and investment reports which are presented to the City Council.

AWARDS AND ACKNOWLEDGEMENTS

Awards -- The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Allen for its CAFR for the fiscal year ended September 30, 2016. This was the eighteenth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements – We would like to express our sincere gratitude to City personnel who contributed to this report, especially the accounting department. Appreciation is expressed to representatives of Weaver for their invaluable assistance in producing the final document and to the City Manager's office and the members of the City Council whose leadership and commitment are vital to the health and vitality of Allen.

Respectfully submitted,

Eric Cannon, CPA
Chief Financial Officer

Joanne Spurgin
Assistant Chief Financial Officer

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Allen

Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

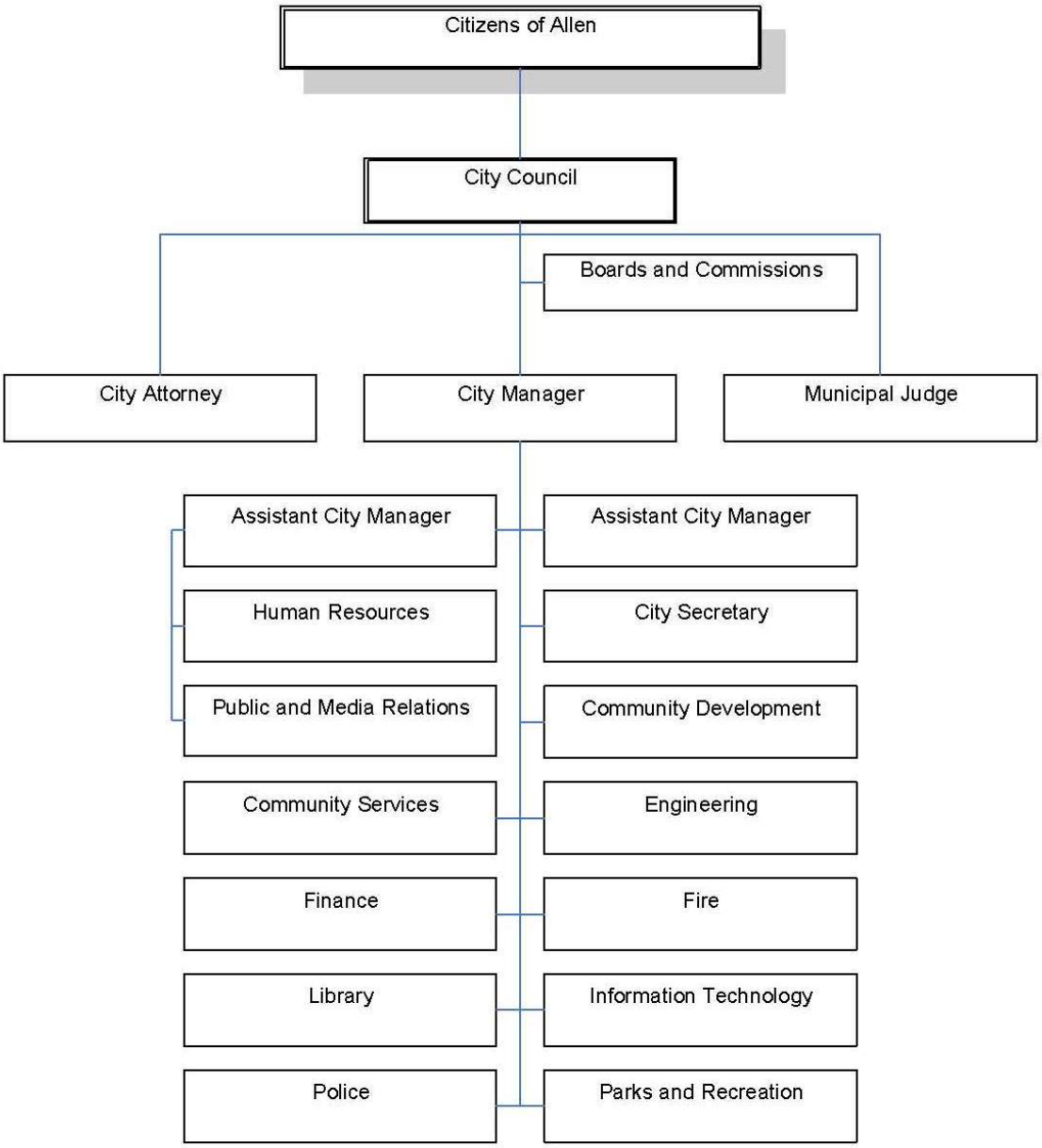
September 30, 2016

Christopher P. Morrill

Executive Director/CEO

CITY OF ALLEN

ORGANIZATIONAL CHART



CITY OF ALLEN, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2017

CITY OF ALLEN

Councilmembers

Mayor	Stephen Terrell
Mayor Pro Tem, Place No. 5	Gary L. Caplinger
Councilmember, Place No. 1	Kurt Kizer
Councilmember, Place No. 2	Carl Clemencich
Councilmember, Place No. 3	Debbie Stout
Councilmember, Place No. 4	Robin L. Sedlacek
Councilmember, Place No. 6	Baine Brooks

Management Staff

City Manager	Peter H. Vargas
Chief Financial Officer	Eric Cannon
Assistant Chief Financial Officer	Joanne Stoehr
Controller	Steven Glickman

FINANCIAL SECTION

CITY OF ALLEN

Independent Auditor's Report

Honorable Mayor and Members of the City Council
City of Allen, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Allen, Texas (the City), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The City's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 14 to the basic financial statements, the 2016 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in net pension liability and related ratios, schedule of contributions, schedule of OPEB funding progress and contributions, and budgetary comparison information on pages 4 through 16 and 71 through 75 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and budgetary comparison schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and budgetary comparison schedules, as listed in the table of contents, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Honorable Mayor and Members of the City Council
City of Allen, Texas

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19, 2018 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
February 19, 2018

CITY OF ALLEN

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF ALLEN

As management of the City of Allen, Texas, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources (net position) at September 30, 2017 $560,570,771. Of this amount, $47,823,031 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position increased by $8,999,079. The increase is primarily a result of an increase in revenues from property tax and charges for services in both governmental and business-type activities.
- The City's governmental funds reported combined ending fund balances of $79,410,464 at September 30, 2017, an increase of $10,977,782 from the prior fiscal year. This increase is attributed to the issuance of $11,845,000 in general obligation bonds in fiscal year 2017.
- At the end of the fiscal year, the unassigned fund balance for the General Fund was $19,684,053 or 22% of total General Fund expenditures.
- On a government-wide basis, the City's total liabilities increased by $3,970,650, primarily as a result of the City issuing $11,845,000 in general obligation bonds in fiscal year 2017, increases in the net pension liability, and increases in accounts payable at year-end.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements - The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to that of a private-sector business.

The Statement of Net Position presents information on all of the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. To assess the overall health of the City, other non-financial factors should also be taken into consideration, such as changes in the City's property tax base and the condition of the City's infrastructure.

The Statement of Activities presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused compensated absences). Both the Statement of Net Position and the Statement of Activities are prepared utilizing the accrual basis of accounting.

In the government-wide financial statements, pages 17 through 19, the City is divided into three kinds of activities:

- **Governmental activities** - Most of the City's basic services are reported here, including the police, fire, library, community development, parks and recreation, municipal court, and general administration. Property and sales taxes, charges for services, franchise fees, and state and federal grants finance most of these activities.

- **Business-type activities** - The City's water, sewer, solid waste, drainage, and golf course operations are reported here. These are functions intended to recover all or a significant portion of their costs through user fees and charges.

- **Component units** - The City includes two separate legal entities in this report: the Allen Economic Development Corporation (AEDC) and the Allen Community Development Corporation (ACDC). Although legally separate, these component units are important because the City is financially accountable for them.

Fund financial statements - A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental and proprietary.

Governmental Funds - These funds are used to account for the majority of the City's activities, which are essentially the same functions as governmental activities in the government-wide statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as resources available for future spending at fiscal year-end. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can be readily converted to cash. When compared with similar information in the broader government-wide financial statements, readers may better understand the long-term impact of the government's near-term financing decisions. Reconciliation is provided that details the relationships or differences between governmental activities and governmental funds; reconciliation follows the fund financial statements.

The City maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund, Debt Service Fund, General Capital Projects Fund and General Obligation Bond Fund, all of which are considered to be major funds. Data for the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements elsewhere in this report. The basic governmental fund financial statements can be found on pages 20 through 25 of this report.

Proprietary Funds - The City maintains two different types of proprietary funds: enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer operations, solid waste collection, disposal services, drainage operations, and golf course operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses its internal service funds to account for vehicle, machinery, and equipment replacements and costs associated with workers compensation, liability and property insurance, and employee medical and dental insurance programs. These services have been included within governmental activities in the government-wide financial statements as they predominantly benefit governmental rather than business-type functions.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer operations, solid waste collection, and disposal services since they are considered to be major funds of the City. The Drainage Fund and the Golf Course Fund are the only remaining enterprise funds, and they are being presented as major funds even though they do not meet the criteria of a major fund. All internal service funds are combined into a single aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 26 through 30 of this report.

Notes to the Financial Statements - Additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements is provided in the notes to the financial statements found on pages 33 through 70 of this report.

Other Information - In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information highlighting budgetary information for the General Fund, pension schedules for TMRS, and a funding schedule for OPEB found on pages 71 through 75 of this report.

The combining statements referred to earlier regarding non-major governmental funds and internal service funds are presented following the required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, over time net position may serve as a useful indicator of the financial position of a government. The assets and deferred outflows of the City of Allen exceed the liabilities and deferred inflows by $560,570,771 as of September 30, 2017. By far the largest portion of the City's net position ($474,249,029 or 85%) reflects its net investment in capital assets (i.e. land, buildings, infrastructure, vehicles, machinery, and equipment). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City reports the net investment in its capital assets, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Table 1
Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	$ 106,349,182	$ 93,550,322	$ 39,475,215	$ 40,184,714	$ 145,824,397	$133,735,036
Capital assets	446,809,256	445,609,963	112,803,250	112,164,832	559,612,506	557,774,795
Total Assets	553,158,438	539,160,285	152,278,465	152,349,546	705,436,903	691,509,831
Deferred outflows of resources	12,470,468	13,623,868	1,457,585	1,601,761	13,928,053	15,225,629
Long-term liabilities	132,982,565	130,168,562	9,193,294	10,181,900	142,175,859	140,350,462
Other liabilities	11,191,215	9,796,930	4,383,757	3,632,789	15,574,972	13,429,719
Total Liabilities	144,173,780	139,965,492	13,577,051	13,814,689	157,750,831	153,780,181
Deferred inflows of resources	927,106	1,230,633	116,248	152,954	1,043,354	1,383,587
Net Position:					-	-
Net investment in capital assets	366,322,218	364,667,251	107,926,811	106,174,191	474,249,029	470,841,442
Restricted	38,303,226	32,485,173	195,485	216,664	38,498,711	32,701,837
Unrestricted	15,902,576	14,435,604	31,920,455	33,592,809	47,823,031	48,028,413
Total Net Position	$ 420,528,020	$411,588,028	$140,042,751	$139,983,664	$ 560,570,771	$551,571,692

An additional portion of the City's net position, $38,498,711, represents resources that are subject to external restrictions on how they may be used; the remaining balance of $47,823,031 may be used to meet the government's ongoing obligations to citizens and creditors.

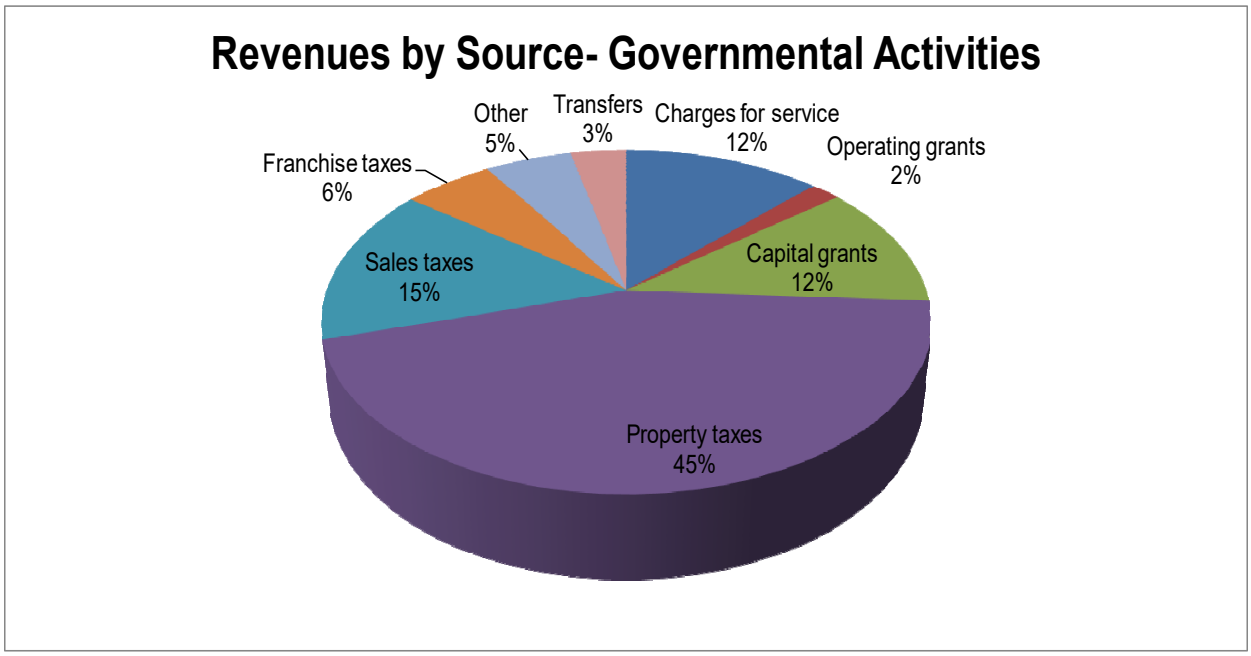
Analysis of the City's Operations - As of September 30, 2017, City had an overall increase in net position of $8,999,079 for the government as a whole which represents an increase of $8,939,992 for governmental activities and an increase of $59,087 for business-type activities. The increase in governmental activities is primarily a result of an increase in revenue related to charges for services, capital grants and contributions, property taxes, sales taxes, other taxes, interest earnings, gain on the sale of capital assets, and miscellaneous revenue. The increase in business-type activities is primarily a result of an increase in charges for services and miscellaneous revenue. A summary of the City's operations for the year ended September 30, 2017 is provided in Table 2.

Table 2
Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program Revenues:						
Charges for services	$ 16,516,224	$ 15,707,673	$ 48,507,483	$ 47,248,254	$ 65,023,707	$ 63,234,975
Operating grants and contributions	2,443,054	1,557,260	-	-	2,443,054	1,557,260
Capital grants and contributions	15,327,094	16,039,869	5,622,911	6,172,301	20,950,005	22,212,170
General Revenues:					-	
Property taxes	58,816,876	54,102,952	-	-	58,816,876	54,102,952
Sales tax	19,450,088	19,274,983	-	-	19,450,088	19,274,983
Franchise taxes	7,553,013	7,295,931	-	-	7,553,013	7,295,931
Hotel motel taxes	1,547,244	1,607,263	-	-	1,547,244	1,607,263
Other taxes	1,912,559	1,621,012	-	-	1,912,559	1,621,012
Interest earnings	837,577	735,832	199,508	197,125	1,037,085	932,957
Gain on sale of capital asset	263,627	-	-	15,503	263,627	15,503
Miscellaneous	2,703,964	3,794,277	274,944	-	2,978,908	3,794,277
Total Revenues	127,371,320	121,737,052	54,604,846	53,633,183	181,976,166	175,649,283
Expenses:						
General government	28,251,550	25,304,811	-	-	28,251,550	25,304,811
Public safety	39,624,788	35,199,937	-	-	39,624,788	35,199,937
Public works	20,209,785	19,083,214	-	-	20,209,785	19,083,214
Culture and recreation	28,968,534	32,851,598	-	-	28,968,534	32,851,598
Community development	3,007,047	3,251,555	-	-	3,007,047	3,251,555
Interest on long-term debt	2,980,513	3,356,234	-	-	2,980,513	3,356,234
Water and sewer	-	-	39,527,816	35,604,182	39,527,816	35,604,182
Solid waste services	-	-	6,078,853	5,870,269	6,078,853	5,870,269
Drainage	-	-	1,193,057	1,146,138	1,193,057	1,146,138
Golf course	-	-	3,135,144	3,089,041	3,135,144	3,089,041
Total Expenses	123,042,217	119,047,349	49,934,870	45,709,630	172,977,087	164,756,979
Change in net position before transfers	4,329,103	2,968,751	4,669,976	7,923,553	8,999,079	10,892,304
Transfers	4,610,889	4,790,072	(4,610,889)	(4,790,072)	-	-
Change in net position	8,939,992	7,758,823	59,087	3,133,481	8,999,079	10,892,304
Net position, beginning of year, as restated	411,588,028	403,829,205	139,983,664	136,140,754	551,571,692	539,969,959
Net position, end of year	$ 420,528,020	$ 411,588,028	$ 140,042,751	$ 139,274,235	$ 560,570,771	$ 550,862,263

Governmental activities

Revenues – The following chart visually illustrates the City's revenue by sources for governmental activities:



Revenues for the City's governmental activities increased by $5,634,268. Major components of revenue increases and decreases are explained as follows:

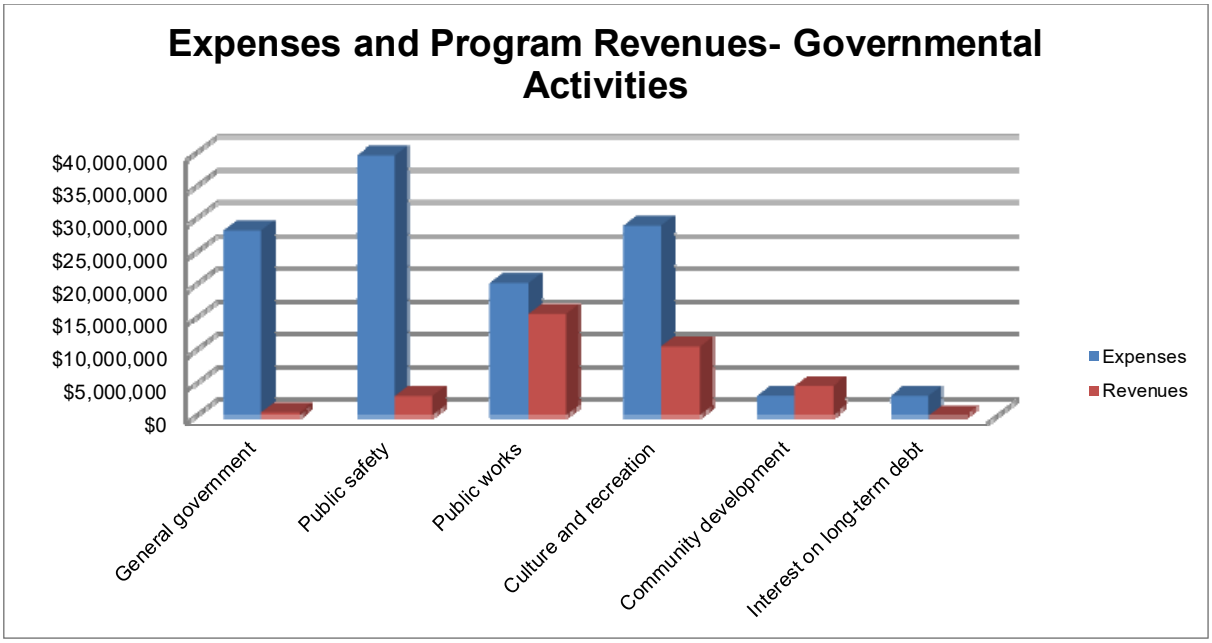
- Property taxes increased by $4,713,924 or 8% due to an increase of 10% from prior year's valuation. This increase is due to real property reappraisals and new property additions.
- Sales taxes increased by $175,105 over prior year collections.
- Operating grants and contributions increased by 57% due to an increase in the number and dollar value of operating grants awarded during the year.
- Charges for services increased by 5% primarily due to an increase in Fire EMS services, and an increase in street inspection fee revenue.
- Fine Revenue (Other Taxes) increased by 18% as a result of warrant revenue and enforcement increasing.
- Interest earnings increased by $101,745, an increase of 14%, as a result of interest rates continuing to increase.

Expenses for governmental activities increased by $3,994,868 or 3%. Components of increases and decreases are explained as follows:

- Expenses include employee annual merit increases, public safety salary market adjustment, adding 1.0 fulltime equivalent positions in the hotel fund to address goals in the strategic plan and to maintain the current level of service.
- Expenses for Public Safety increased by 13% due primarily to the increase in personnel services and the salary market adjustment for both Police and Fire.

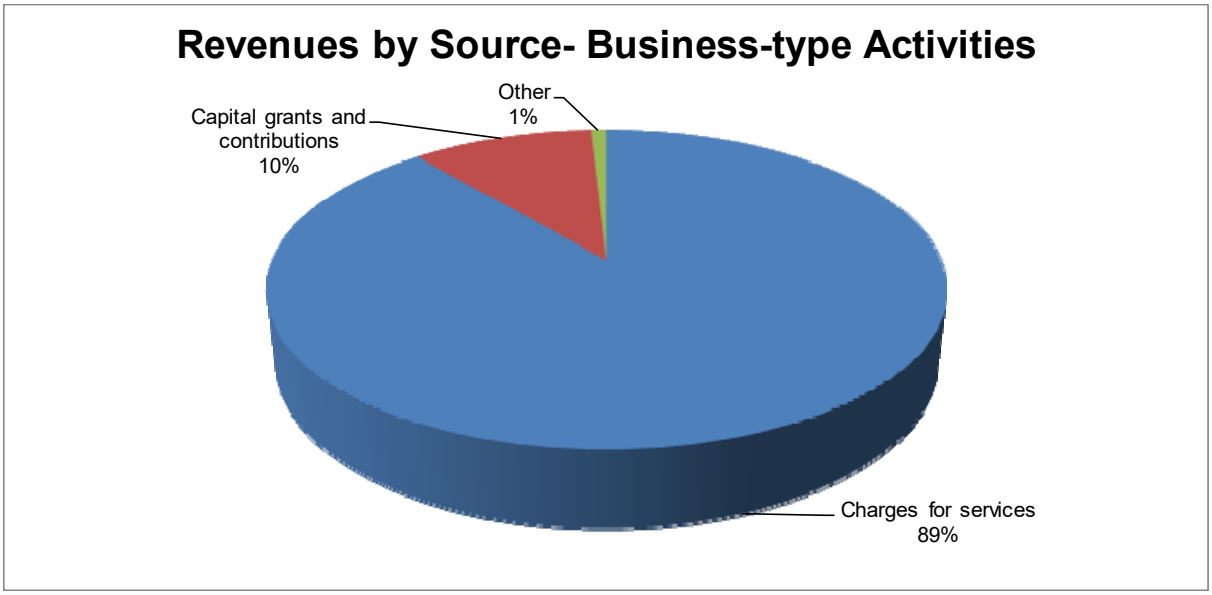
- Expenses for Culture and Recreation increased by 1% due to merit increases, increasing the Parks and Recreation FTE by 4.6 for the Ford Pool redesign and expansion, to address administrative duties at the service center, and to address growing maintenance. Additionally, there was an increase in professional services at the Allen Event Center due to an increase in number of events held.
- Expenses for General Government increased by 12% due to increases in vehicle and equipment replacement, software maintenance, professional services and personnel.

The following chart illustrates the relationship between expenses and program revenues for governmental type activities:



Business-type activities –

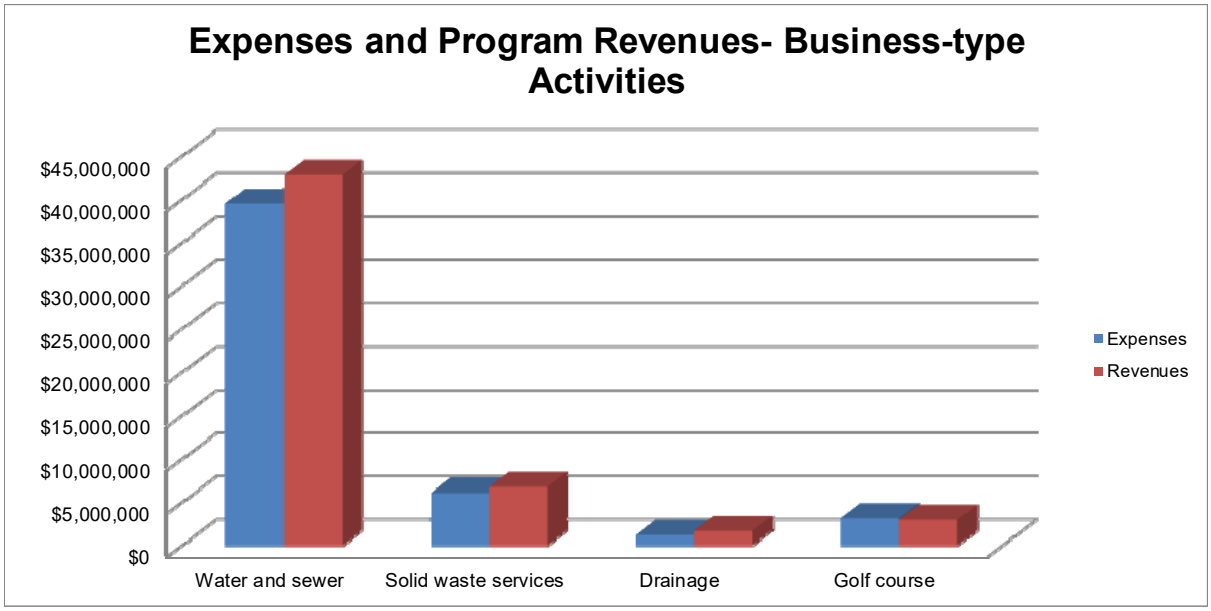
Revenues – The following chart visually illustrates the City's revenue by sources for business-type activities:



Business-type activities revenues increased $971,663 or 2%. Major components of the decreases/increases are as follows:

- Charges for services for business-type activities increased by $1,259,229, or 3%, due to an increase of 4% in sewer charges, and an increase of 9% in golf course revenues. Additionally, miscellaneous revenue increased $274,944. A significant portion of the total increase was offset by a $549,390 decrease in capital grants and contributions revenue.

Expenses for business-type activities increased by $4,225,240, or 9%. The increase was due to an increase of 11% in expenses in the Water and Sewer Fund, an increase of 4% in expenses in the Solid Waste Fund, and increase of 4% in the expenses in the Drainage Fund, and an increase of 1% in expenses in the Golf Course Fund. The increase in the Water and Sewer Fund and the Solid Waste Fund was primarily a result of an increase in the amount paid to North Texas Municipal Water District (NTMWD) as they proceed with capital expansion plans that increased the City's costs associated with water and sewer service from the District. The increases in the Solid Waste Fund and Drainage Fund were the result of increased contractual services. The increase in the Golf Course Fund was primarily a result of increased personnel costs related to higher customer volume. The following chart illustrates the relationship between expenses and program revenues for business-type activities:



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental funds

The focus of the City of Allen's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the governmental funds reported combined ending fund balances of $79,410,464, an increase of $10,977,782 in comparison with the prior fiscal year. Approximately 25%, or $19,684,053, constitutes unassigned fund balances, which are available for spending at the government's discretion. The remaining fund balances are classified as assigned, restricted or non-spendable to indicate that they are not available for new spending allocation. The non-spendable portion includes prepaid items ($126,833), assigned funds for hotel and convention center ($2,000,000), restricted funds for debt service ($1,342,002), capital projects ($44,758,178), tourism ($4,900,938), asset forfeiture ($168,122), state and federal grants ($274,828), park acquisition and development ($2,088,099), tax increment financing agreements ($2,866,832), court technology ($111,764), juvenile case manager ($12,827), PEG fees ($937,665), radio system ($48,946), photo red light enforcement ($26,006), court security ($4,461), and cemetery trust ($58,910).

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the total unassigned fund balance was $19,684,053. Current operating expenditures had savings of $7,404,084 allowing monies to be transferred to the capital projects fund for self-financing of capital projects. The total fund balance increased from $21,821,980 to $21,869,796. This increase is due to prudent, conservative management by City staff.

The Debt Service Fund balance of $1,342,002, all of which is restricted for the payment of debt, increased from the prior year by $87,601. This increase was due to an increase in investment earnings. The fund balance meets the FY2017 5-10% of annual debt service requirement of $691,197 to $1,382,394.

The General Capital Projects Fund provides information on cash financed capital projects and had an ending fund balance of $25,278,216, an increase of $3,113,500. Revenues and other financing sources totaled $6,931,230, which included $571,974 received from developer for the Montgomery Boulevard extension, $555,784 received from TASPP for the Fire Department expenditures $469,825 in charges for services for median improvements, $468,338 in miscellaneous revenue for street improvements, and $3,700,000 from other funds to cash finance capital projects. Total expenditures and other uses of $3,817,730 consisted of $783,991 in miscellaneous street and median repair, $567,598 for repairs to the community ice rink, $450,499 for Ridgeview Drive, $450,000 in capital lease payments, and $153,595 for intersection improvements.

The General Obligation Bond Fund had an ending fund balance of $19,479,962, an increase of $4,843,995 from the prior year. Expenditures totaled $7,848,327 which primarily included $3,304,215 Spirit Park, $1,936,097 for public safety radios, and $515,436 for Rolling Hills Park land acquisition.

General Fund Budgetary Highlights

During April and May, all accounts are evaluated to determine if they are in line with the original budgets. Accounts that are under or over budget are revised to meet year-end estimates. New projects are not added to the year-end estimate; only the cost of maintaining the current base operation is revised as needed. As is customary, during FY2016-17, the City Council amended the budget for the General Fund one time.

Adjustments made during FY2016-17 increased the original revenue budget by $1,171,271 and increased the expenditure budget by $2,628,864. Due to the actual expenditures being $7,404,084 less than the revised budget the City was able to transfer $3,400,000 to the General Capital Projects Fund to cash finance future capital projects and $100,000 to the Golf Course Fund to ensure a positive net position despite actual revenues being $1,526,479 less than the revised budget. The General Fund's operational expenditure reserve increased to 90 days from the amended budget of 74 days, easily within the City's financial policy of 60 to 90 days.

Proprietary funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. At the end of the year, unrestricted net position for all enterprise funds are as follows: Water and Sewer, $26,488,482, Solid Waste, $3,554,152, Drainage, $819,222, and Golf Course, ($5,436). The total change in net position for the funds was a decrease of $367,061, an increase of $137,600, an increase of $138,465, and an increase of $226,217.

The Water and Sewer Fund had a decrease in net position as a result of an increase in contractual services related to water and sewer services, but no corresponding increase in customer rates. The Solid Waste Fund had an increase in net position due to a decrease in transfers out to other funds. The Drainage Fund had an increase in net position due to an increase in operating revenues. The Golf Course Fund had an increase in net position due to an increase in operating revenues.

CAPITAL ASSETS

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2017, amounts to $559,612,506 (net of accumulated depreciation). This investment in capital assets includes land and improvements, buildings, vehicles, machinery and equipment, park land and facilities, roads and bridges. About 80% of the capital assets are governmental and 20% are business-type activities. There was an increase of 0.3% in the investment in capital assets for the current fiscal year.

Table 3
Capital Assets at Year-end Net of Accumulated Depreciation

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	$139,069,288	$135,405,711	$4,072,882	$4,072,882	$143,142,170	$139,478,593
Buildings	72,863,687	69,815,815	-	-	72,863,687	69,815,815
Towers, tanks and pump stations	-	-	102,147,625	103,444,030	102,147,625	103,444,030
Other Improvements	216,700,731	214,280,159	318,303	330,567	217,019,034	214,610,726
Furniture and fixtures	229,588	409,436	-	-	229,588	409,436
Vehicles	6,489,143	4,324,896	315,323	320,744	6,804,466	4,645,640
Machinery and equipment	3,964,661	4,101,081	1,722,145	1,937,442	5,686,806	6,038,523
Construction in progress	7,492,158	17,272,865	4,226,972	2,059,167	11,719,130	19,332,032
Total	$446,809,256	$445,609,963	$112,803,250	$112,164,832	$559,612,506	$557,774,795

The major governmental-type capital improvement projects and developer contributions during the current fiscal year included the following:

Developer contributed street, alley, and right of way	$ 13,574,912
Spirit Park	3,735,166
Allen Public Library Parking Lot Expansion	534,226
Rolling Hills Park Expansion	515,436
Street construction:	
Ridgeview Drive - Cottonwood to Chelsea	450,499
2015 Intersection Improvement	153,595
Alma Drive Improvement	114,614

Business-type capital improvement projects and developer contributions during the current fiscal year include the following:

Developer contributed water mains and sewer lines	$ 4,233,683
Fountain Park Water & Sewer Rehabilitation Phase 2	2,244,826
Hillside Water & Sewer Rehabilitation Phase 1	402,879

Additional information on the City's capital assets can be found in Note 4 of this report.

DEBT ADMINISTRATION

As shown in Table 4, the City's total outstanding debt at September 30, 2017 was $191,697,722 of which $132,982,565 was governmental, $9,193,294 was business-type activities and $49,521,863 was component units'. Total gross bonded debt and notes payable was $143,259,458 which includes $88,575,000 of General Obligation (G.O.) bonds backed by the full faith and credit of the government, $405,000 of Certificates of Obligation backed by taxes and revenue generated from the golf course, $4,760,000 secured solely by water and sewer revenue, and the component unit's total of $45,060,000 secured by future sales tax revenue and $4,459,458 of notes payable. Other long-term debt relates to compensating absences, net pension liability, capital leases, and issuance premiums and discounts.

In fiscal year 2017, the City issued $11,845,000 of General Obligation Bonds. The Allen Economic Development Corporation issued $11,810,000 of Sales Tax Revenue Refunding Bonds and $6,140,000 of Sales Tax Revenue Bonds.

The revenue bond debt for both component units relates to debt issued to support public infrastructure improvements, land acquisition, and construction of the Allen Event Center. The notes payable debt is due to a loan agreement Allen Economic Development Corporation entered into in relation to the purchase of 31 acres of land. Total debt for the component units decreased by 2%. Total debt for the Allen Economic Development Corporation increased by 3%, and the Allen Community Development Corporation debt decreased by 5%.

Table 4
Outstanding Debt at Year-end
Bonds and Other Long Term Debt

	Governmental Activities		Business-type Activities		Component Units		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Gross Bonded Debt								
General Obligation Bonds	$ 88,575,000	$ 86,445,000	$ -	$ -	$ -	$ -	$ 88,575,000	$ 86,445,000
Certificate of Obligation Bonds	405,000	450,000	-	-	-	-	405,000	450,000
Revenue Bonds Payable	-	-	4,760,000	5,760,000	-	-	4,760,000	5,760,000
Sales Tax Revenue Bonds	-	-	-	-	45,060,000	46,930,000	45,060,000	46,930,000
Note Payable	1,255,000	1,940,000			3,204,458	3,808,147	4,459,458	5,748,147
Total Gross Bonded Debt	90,235,000	88,835,000	4,760,000	5,760,000	48,264,458	50,738,147	143,259,458	145,333,147
Other Long-Term Debt								
Compensated Absences	6,225,795	5,625,384	726,859	685,994	-	-	6,952,654	6,311,378
Net Pension Liability	27,661,775	26,532,334	3,424,109	3,287,519	-	-	31,085,884	29,819,853
Capital leases	1,250,000	1,700,000	116,479	252,519	-	-	1,366,479	1,952,519
Premiums & Discounts	7,609,995	7,475,844	165,847	195,868	1,257,405	(34,710)	9,033,247	7,637,002
Total Other Long Term Debt	42,747,565	41,333,562	4,433,294	4,421,900	1,257,405	(34,710)	48,438,264	45,720,752
Total	$ 132,982,565	$ 130,168,562	$ 9,193,294	$ 10,181,900	$ 49,521,863	$ 50,703,437	$ 191,697,722	$ 191,053,899

The underlying credit ratings from both Moody's Investors Service and Standard and Poor's for the City's General Obligation Bonds, Certificates of Obligation, Water and Sewer Revenue Bonds, Community Development Corporation's Sales Tax Bonds and Economic Development Sales Tax Revenue Bonds are shown below in Table 5. Additional information on the City's long-term debt can be found in Note 5.

Table 5
Bond Ratings

	Moody's Investors Service	Standard & Poor's
General Obligation Bonds	Aaa	AAA
Certificates of Obligation	Aaa	AAA
Water & Sewer Revenue Bonds	Aa2	AAA
CDC Sales Tax Revenue Bonds	Aa2	
EDC Sales Tax Revenue Bonds	Aa2	

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The economy continues to be moderately strong for the City of Allen and the North Central Texas area. Focused on having a balanced community, the City takes a proactive approach to economic development with its business recruitment and retention efforts, as well as with its variety of housing options. In addition, the City conservatively manages its budget. The fiscal year 2017-2018 budget reflects the commitment of the City Council and staff to provide services and facilities to our citizens while maintaining a strong financial position.

The City revenues most impacted by a moderately strong economy are property taxes and sales taxes. The property tax revenue source experienced growth due to new construction and reappraisal increases of existing real property. For fiscal year 2017-2018, reappraisal values for existing real (residential and commercial) properties increased 7.65% compared to FY2017. Additional tax abatements on commercial property had a small impact of reducing the taxable property valuation by 0.1%. New construction of residential and commercial property resulted in an increase in valuation of 2.53%. The overall increase in valuation from all categories was 10.17%; however, the property tax revenue increase was budgeted at 6.23% as a result of lowering the tax rate by one cent. Overall sales tax is expected to increase by 2.96%. As the City's sizeable retail developments near capacity the rate of growth of sales tax is expected to increase at a rate that is a combination of population growth and increases in prices for retail items.

The rate of residential growth has steadily increased as the economy has recovered. The City estimates issuance of 530 single family permits in FY2018. The population of approximately 99,882 as of September 30, 2017 is expected to reach approximately 125,000 at build out in the next twelve years. The population projection at build out has been increased recently due to the construction of additional multi-family units, changes to projected land use plans, and an overall increase in the density of the developments.

The various infrastructure and operational needs of the City have resulted in the annual expenditure budget increasing from $164.49 million in FY2012, to $214.38 million for FY2018 for all funds combined. The certified assessed property value for 2017-2018 equates to an overall increase of approximately $1.142 billion (10.17%) from the preceding year. The FY2018 tax rate was set at $0.510 per $100 valuation. Of the total tax rate, $0.392738 is dedicated to operations and maintenance in the General Fund, and $0.117262 is dedicated to general obligation debt service.

Ad valorem taxes are the General Fund's largest revenue source and will contribute $47.830 million or 48.11% of the fund's budgeted revenues in FY2018. Appraisal values are established by the Central Appraisal District of Collin County, and collections are certified at 100% by the Collin County Tax Assessor-Collector's office. New retail development and population growth will continue to increase sales tax at a moderate rate of 2.96% over the revised FY2017.

The General Fund ended 2016-2017 with a positive variance of $2,380,506 as compared to the revised budgeted fund balance. This brings the ending fund balance to an equivalent 90 days of operating expenditures, which is higher than the amended estimate of 74 days, and is within the range of the City's financial policy of 60 to 90 days. The 2017-2018 General Fund expenditure budget reflects a 0.83% increase from the revised 2016-2017 budget. This is primarily due to a compensation merit increases and a market adjustment in employee pay ranges with emphasis on general schedule employees, offset by decreases in economic development incentives related to a one-time payment budgeted in 2016-2017. These changes will allow the City to retain staff to meet its strategic goals, and continue its commitment to maintaining a high level of service to the public.

The City chose to increase the water and sewer rates as proposed in the rate study, which was updated in 2017. The budget includes an increase in rates to the city from NTMWD. Also included in the FY2018 budget is $225,000 to cash finance water and sewer capital projects related to pump station and sewer lift station maintenance. The Water and Sewer Fund is expected to finish the fiscal year 2017 with approximately $12.205 million in working capital reserves resulting in 108 days of operating expenses in reserve, which is within the City policy of 90 to 120 days. This healthy balance is necessary to fund the future City and NTMWD capital projects, ongoing maintenance projects that are planned to ensure the water and sewer infrastructure will meet the demand when the City reaches build out, and provides reserves that can be used during drought related watering restrictions that would have an impact on revenues.

The Solid Waste Fund represents a stable operational service and staff continues its educational outreach programs through several key programs and events held throughout the year. Staff also continues to seek grant funding for future cycles. The City's current contract is with Community Waste Disposal (CWD) as the solid waste provider. No commercial CPI solid waste fee increases are planned in 2018. The contract includes an agreement to adjust the variable fuel adjustment fee (VFAF) on commercial accounts to a higher fuel cost starting point, which is beneficial to the City's commercial customers. With the continuing decline in fuel costs, the VFAF will probably not be changed. The Solid Waste working capital balance at the end of FY2018 is expected to be $2.672 million which is approximately 140 operating days of reserve and is greater than the City's policy of 90 to 120 days.

The Drainage Fund is supported by drainage fees on utility bills and development inspection fees. The fund continues to sustain a working capital balance which supports drainage maintenance, mosquito abatement, Texas Pollution Discharge Elimination System (TPDES), and capital improvement activities.

The City's golf course, formerly called Chase Oaks, is in its fifth year of operation. After the course was redesigned, it was renamed as The Courses at Watters Creek. The renovated course opened in January 2013. The completion of the 33 holes has helped to improve the overall golf experience for the established players and create an enthusiastic environment for new golfers of all ages. There is an 18-hole course, a 9-hole course, 6 additional holes for short iron play, new putting greens, and a lighted driving range. This last year of operations saw an increase in revenue due to damage and flooding that occurred in the prior year that resulted in depressed revenue. The Golf Course Fund working capital balance at the end FY2018 is expected to be $5,538.

For 2017-2018, the Risk Management Fund reflects changes in health care costs of 10% for Plans A and B and no increase for Plan C and dental premiums. For FY2018, the City will incur an 8.67% increase in costs from the revised FY2017 budget. For the FY2018 budget, a contribution of $217,450 is budgeted to be put into a trust fund for other post-employment benefits. This amount is determined from an actuarial study every two years. The FY2018 budget was increased in both revenues and expenses by over $100 thousand as the number of assets being insured in our Property & Liability portfolio, as well as an increase in Worker's Comp premium. Prior to FY2016 the city would pay claims over the stop loss amounts and then get reimbursed. United Healthcare can manage the stop loss once claims have reached the stop loss threshold. Worker's compensation premiums have increased due to the number of hours worked by public safety personnel. Property and liability insurance rates for fiscal year 2018 are expected to increase compared to fiscal year 2017 as there were significant additions of newly insured property. The Risk Fund continues to be in good financial condition.

The City of Allen's budget continues to be positively impacted by moderately strong growth and by conservative fiscal management. The 2017-2018 budget reflects the efforts of the governing body and city staff to address the need to provide services and facilities to support our vibrant and growing community, while maintaining a strong financial position.

Request for Information

The financial report is designed to provide our citizens, customers, investors, and creditors with a general overview of the City's finances. If you have questions about this report or need any additional information, contact the Finance Department at 305 Century Parkway, Allen, Texas, 75013, or call (214) 509-4626.

CITY OF ALLEN

BASIC FINANCIAL STATEMENTS

CITY OF ALLEN

CITY OF ALLEN, TEXAS **EXHIBIT 1**
STATEMENT OF NET POSITION
SEPTEMBER 30, 2017

	PRIMARY GOVERNMENT			
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
ASSETS				
Cash and cash equivalents	$ 31,018,210	$ 10,897,295	$ 41,915,505	$ 6,953,519
Investments	67,796,135	18,234,729	86,030,864	18,473,803
Receivables (net of allowance for uncollectibles)	7,665,205	7,892,371	15,557,576	3,090,549
Internal balances	(1,064,035)	1,064,035	-	-
Prepaid items and other assets	850,582	5,050	855,632	6,298
Inventories	83,085	99,025	182,110	-
Restricted cash and cash equivalents	-	1,282,710	1,282,710	-
Capital assets:				
Non-depreciable	146,561,446	8,299,855	154,861,301	21,612,975
Depreciable (net of depreciation)	300,247,810	104,503,395	404,751,205	48,592,545
TOTAL ASSETS	553,158,438	152,278,465	705,436,903	98,729,689
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges on refunding	2,042,136	165,889	2,208,025	1,102,391
Deferred outflows of resources - pension	10,428,332	1,291,696	11,720,028	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	12,470,468	1,457,585	13,928,053	1,102,391
LIABILITIES				
Accounts payable	6,119,886	2,285,922	8,405,808	3,178,632
Accrued liabilities	3,706,507	246,993	3,953,500	23,913
Accrued interest payable	450,444	47,225	497,669	125,906
Customer deposits	-	1,718,705	1,718,705	-
Unearned revenue	691,945	-	691,945	-
Retainage payable	222,433	84,912	307,345	18,500
Non-current liabilities:				
Due within one year	15,351,936	1,536,569	16,888,505	4,883,121
Due in more than one year	117,630,629	7,656,725	125,287,354	44,638,742
TOTAL LIABILITIES	144,173,780	13,577,051	157,750,831	52,868,814
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources - pension	927,106	116,248	1,043,354	-
TOTAL DEFERRED INFLOWS OF RESOURCES	927,106	116,248	1,043,354	-
NET POSITION				
Net investment in capital assets	366,322,218	107,926,811	474,249,029	37,177,911
Restricted for:				
Debt service	899,776	195,485	1,095,261	353,245
Capital projects	25,962,962	-	25,962,962	-
Tourism	4,900,938	-	4,900,938	-
Park acquisition and development	2,088,099	-	2,088,099	-
State and federal grants	274,828	-	274,828	-
Tax Increment Financing	2,866,832	-	2,866,832	-
Other purposes	1,309,791	-	1,309,791	-
Unrestricted	15,902,576	31,920,455	47,823,031	9,432,110
TOTAL NET POSITION	$ 420,528,020	$ 140,042,751	$ 560,570,771	$ 46,963,266

The Notes to Financial Statements are an integral part of this statement.

CITY OF ALLEN, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2017

Functions/Program Activities	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental Activities:				
General government	$ 28,251,550	$ 497,243	$ -	$ -
Public safety	39,624,788	2,712,076	238,116	-
Public works	20,209,785	293,559	-	15,327,094
Culture and recreation	28,968,534	8,747,206	1,774,531	-
Community development	3,007,047	4,266,140	430,407	-
Interest on long-term debt	2,980,513	-	-	-
Total governmental activities	123,042,217	16,516,224	2,443,054	15,327,094
Business-type Activities:				
Water and sewer	39,527,816	37,163,882	-	5,622,911
Solid waste	6,078,853	6,735,559	-	-
Drainage	1,193,057	1,648,681	-	-
Golf course	3,135,144	2,959,361	-	-
Total business-type activities	49,934,870	48,507,483	-	5,622,911
TOTAL PRIMARY GOVERNMENT	$ 172,977,087	$ 65,023,707	$ 2,443,054	$ 20,950,005
COMPONENT UNITS:				
Allen Economic Development Corporation	$ 13,693,115	$ -	$ -	$ -
Allen Community Development Corporation	5,994,155	-	-	-
TOTAL COMPONENT UNITS	$ 19,687,270	$ -	$ -	$ -

General revenues:	
Taxes:	
Property taxes, levied for general purposes	
Sales taxes	
Franchise taxes	
Hotel motel taxes	
Other taxes	
Investment earnings	
Gain on sale of assets	
Miscellaneous	
Transfers	
Total general revenues and transfers	
CHANGE IN NET POSITION	
NET POSITION, beginning of year as restated	
NET POSITION, end of year	

The Notes to Financial Statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business - Type Activities	TOTAL	COMPONENT UNITS
$ (27,754,307)	$ -	$ (27,754,307)	$ -
(36,674,596)	-	(36,674,596)	-
(4,589,132)	-	(4,589,132)	-
(18,446,797)	-	(18,446,797)	-
1,689,500	-	1,689,500	-
(2,980,513)	-	(2,980,513)	-
(88,755,845)	-	(88,755,845)	-
-	3,258,977	3,258,977	-
-	656,706	656,706	-
-	455,624	455,624	-
-	(175,783)	(175,783)	-
-	4,195,524	4,195,524	-
$ (88,755,845)	$ 4,195,524	$ (84,560,321)	$ -
$ -	$ -	$ -	$ (13,693,115)
-	-	-	(5,994,155)
$ -	$ -	$ -	$ (19,687,270)
$ 58,816,876	$ -	$ 58,816,876	$ -
19,450,088	-	19,450,088	19,046,848
7,553,013	-	7,553,013	-
1,547,244	-	1,547,244	-
1,912,559	-	1,912,559	-
837,577	199,508	1,037,085	238,561
263,627	-	263,627	764,269
2,703,964	274,944	2,978,908	1,439,973
4,610,889	(4,610,889)	-	-
97,695,837	(4,136,437)	93,559,400	21,489,651
8,939,992	59,087	8,999,079	1,802,381
411,588,028	139,983,664	551,571,692	45,160,885
$ 420,528,020	$ 140,042,751	$ 560,570,771	$ 46,963,266

CITY OF ALLEN, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017

	GENERAL	DEBT SERVICE	GENERAL CAPITAL PROJECTS
ASSETS			
Cash and cash equivalents	$ 6,163,663	$ 417,127	$ 9,706,298
Investments	16,316,996	922,089	15,507,423
Receivables, net of allowances for uncollectibles:			
Ad valorem taxes	31,894	7,161	-
Sales taxes	3,043,995	-	-
Accounts receivable	804	-	-
Accrued interest	51,111	2,286	39,201
Other	3,243,214	1,557	710,040
Prepaid items	126,833	-	-
TOTAL ASSETS	$ 28,978,510	$ 1,350,220	$ 25,962,962
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ 3,393,375	$ -	$ 388,444
Accrued liabilities	2,213,378	-	273,176
Unearned revenue	691,945	-	-
Retainage payable	-	-	5,000
TOTAL LIABILITIES	6,298,698	-	666,620
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	31,894	7,161	-
Unavailable revenue - charges for services	674,053	-	-
Unavailable revenue - miscellaneous	19,874	-	-
Unavailable revenue - interest	23,369	1,057	18,126
Unavailable revenue - fines	60,826	-	-
Unavailable revenue - grants	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	810,016	8,218	18,126
FUND BALANCES			
Nonspendable			
Prepaid items	126,833	-	-
Restricted			
Debt service	-	1,342,002	-
Capital projects	-	-	25,278,216
Tourism	-	-	-
Asset forfeiture	-	-	-
State and federal grants	-	-	-
Park acquisition and development	-	-	-
Tax increment financing agreement	-	-	-
Court technology	-	-	-
Juvenile case manager	-	-	-
PEG fees	-	-	-
Radio system	-	-	-
Photo red light enforcement	-	-	-
Court security	-	-	-
Cemetery trust	58,910	-	-
Assigned			
Hotel/Convention Center	2,000,000	-	-
Unassigned	19,684,053	-	-
TOTAL FUND BALANCES	21,869,796	1,342,002	25,278,216
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 28,978,510	$ 1,350,220	$ 25,962,962

The Notes to Financial Statements are an integral part of this statement.

GENERAL OBLIGATION BOND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
$ 6,179,760	$ 3,259,707	$ 25,726,555
15,266,245	7,890,237	55,902,990
-	-	39,055
-	-	3,043,995
-	426,223	427,027
39,593	20,281	152,472
11,308	-	3,966,119
-	-	126,833
$ 21,496,906	$ 11,596,448	$ 89,385,046
$ 1,796,950	$ 67,116	$ 5,645,885
-	58,672	2,545,226
-	-	691,945
201,683	15,750	222,433
1,998,633	141,538	9,105,489
-	-	39,055
-	-	674,053
-	-	19,874
18,311	9,381	70,244
-	-	60,826
-	5,041	5,041
18,311	14,422	869,093
-	-	126,833
		-
-	-	1,342,002
19,479,962	-	44,758,178
-	4,900,938	4,900,938
-	168,122	168,122
-	274,828	274,828
-	2,088,099	2,088,099
-	2,866,832	2,866,832
-	111,764	111,764
-	12,827	12,827
-	937,665	937,665
-	48,946	48,946
-	26,006	26,006
-	4,461	4,461
-	-	58,910
-	-	2,000,000
-	-	19,684,053
19,479,962	11,440,488	79,410,464
$ 21,496,906	$ 11,596,448	$ 89,385,046

CITY OF ALLEN, TEXAS **EXHIBIT 4**
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2017

Total fund balances - governmental funds		$ 79,410,464
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.		446,809,256
Funds comprising the net other post employment benefit asset are not current financial resources and therefore are not reported in the governmental funds balance sheet.		723,749
The following deferred outflows of resources and deferred inflows of resources are not reported in governmental funds:		
Deferred charges on refunding	2,042,136	
Deferred outflows of resources - pension	10,428,332	
Deferred inflows of resources - pension	(927,106)	11,543,362
Interest payable on long-term debt does not require current financial resources, therefore interest payable is not reported as a liability in the governmental funds balance sheet.		(450,444)
Internal service funds are used by management to charge the cost of certain activities, such as insurance and fleet management, to individual funds. The assets and liabilities of the internal service funds ($24,913,895) are net of the amount allocated to business-type activities ($1,064,035) and to capital assets ($9,244,755).		14,605,105
Revenues earned but not available within sixty days of the year end are not recognized as revenue on the fund financial statements.		869,093
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the fund financial statements.		
Long-term liabilities consist of:		
General obligation bonds	(88,575,000)	
Certificates of obligation	(405,000)	
Tax notes	(1,255,000)	
Capital lease payable	(1,250,000)	
Premiums/discounts	(7,609,995)	
Compensated absences	(6,225,795)	
Net pension liability	(27,661,775)	(132,982,565)
Net position of governmental activities		$ 420,528,020

The Notes to Financial Statements are
an integral part of this statement.

CITY OF ALLEN

CITY OF ALLEN, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	GENERAL	DEBT SERVICE
REVENUES		
Ad valorem taxes, penalties and interest	$ 44,250,012	$ 13,819,888
Franchise taxes	7,350,059	-
Municipal sales tax	18,990,970	-
Licenses, permits and fees	3,605,214	-
Charges for services	10,932,890	-
Fines	1,694,998	-
Gifts and contributions	712,437	-
Hotel / motel fees	-	-
Intergovernmental	126,008	-
Investment earnings	270,522	91,656
Miscellaneous	1,659,790	-
Total revenues	89,592,900	13,911,544
EXPENDITURES		
Current		
General government	24,801,363	-
Public safety	34,793,934	-
Public works	3,592,912	-
Culture and recreation	22,140,763	-
Community development	2,530,910	-
Capital outlay	496,502	-
Debt service:		
Principal retirement	-	10,445,000
Interest and fiscal charges	-	3,378,943
Total expenditures	88,356,384	13,823,943
Excess (deficiency) of revenues over (under) expenditures	1,236,516	87,601
OTHER FINANCING SOURCES (USES)		
Issuance of bonds	-	-
Premium on bonds issued	-	-
Transfers in	4,616,064	-
Transfers out	(5,819,630)	-
Proceeds from sale of capital assets	14,866	-
Total other financing sources (uses)	(1,188,700)	-
NET CHANGE IN FUND BALANCES	47,816	87,601
FUND BALANCES, BEGINNING OF YEAR AS RESTATED	21,821,980	1,254,401
FUND BALANCES, END OF YEAR	$ 21,869,796	$ 1,342,002

The Notes to Financial Statements are an integral part of this statement.

GENERAL CAPITAL PROJECTS	GENERAL OBLIGATION BOND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
$ -	$ -	$ 806,036	$ 58,875,936
-	-	202,954	7,553,013
-	-	459,118	19,450,088
-	-	845,425	4,450,639
731,438	-	-	11,664,328
-	-	156,737	1,851,735
-	-	-	712,437
-	-	1,547,244	1,547,244
774,428	-	1,027,131	1,927,567
141,897	68,097	71,756	643,928
1,583,467	-	185,109	3,428,366
3,231,230	68,097	5,301,510	112,105,281
1,008,989	177,213	1,194,826	27,182,391
-	2,069,300	431,316	37,294,550
1,356,072	480,012	-	5,428,996
214,108	109,779	1,281,234	23,745,884
-	-	420,954	2,951,864
938,202	5,012,023	607,136	7,053,863
-	-	-	10,445,000
-	-	-	3,378,943
3,517,371	7,848,327	3,935,466	117,481,491
(286,141)	(7,780,230)	1,366,044	(5,376,210)
-	11,845,000	-	11,845,000
-	955,225	-	955,225
3,700,000	-	1,489,795	9,805,859
(300,359)	(176,000)	-	(6,295,989)
-	-	29,031	43,897
3,399,641	12,624,225	1,518,826	16,353,992
3,113,500	4,843,995	2,884,870	10,977,782
22,164,716	14,635,967	8,555,618	68,432,682
$ 25,278,216	$ 19,479,962	$ 11,440,488	$ 79,410,464

CITY OF ALLEN, TEXAS **EXHIBIT 6**
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2017

Net change in fund balances - total governmental funds		$ 10,977,782
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital assets recorded in the current period.		7,053,863
Governmental funds do not recognize contributed capital assets. However, in the statement of activities the acquisition value of those assets is recognized as revenue, then allocated over their estimated useful lives and reported as depreciation expense.		14,108,030
Depreciation expense on capital assets is reported in the statement of activities but does not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in the governmental funds.		(21,091,118)
The proceeds from issuance of long-term debt provides current financial resources to governmental funds, while the payment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued. However, these amounts are amortized in the government-wide financial statements.		
Bonds issued	(11,845,000)	
Premium on bonds issued	(955,225)	
Bond and capital lease principal retirement	10,895,000	
Amortization of bond premiums	821,074	
Amortization of deferred charges on refundings	(390,029)	(1,474,180)
Current year changes for compensated absences, net pension liability, deferred inflows/outflows related to pensions, and the opeb asset do not require the use of current financial resources and, therefore, are not reported in governmental funds.		(1,666,196)
Current year changes in accrued interest payable do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(32,614)
Internal service funds are used by management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. The net operating and non-operating income and transfers of the internal service funds is reported with governmental activities net of amounts allocated to business-type activities.		293,447
Certain revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds.		770,978
Change in net position of governmental activities		$ 8,939,992

The Notes to Financial Statements are an integral part of this statement.

CITY OF ALLEN, TEXAS **EXHIBIT 7**
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2017

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS					GOVERNMENTAL ACTIVITIES
	WATER AND SEWER	SOLID WASTE	DRAINAGE	GOLF COURSE	TOTAL	INTERNAL SERVICE FUNDS
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	$ 8,645,318	$ 1,221,575	$ 293,690	$ 736,712	$ 10,897,295	$ 5,291,655
Investments	15,596,333	2,036,153	602,243	-	18,234,729	11,893,145
Receivables, net of allowance for uncollectibles:						
Accounts	6,531,346	780,435	212,335	-	7,524,116	7,056
Accrued interest	41,943	5,747	1,727	-	49,417	29,481
Other	182,931	135,807	-	100	318,838	-
Inventories	99,025	-	-	-	99,025	83,085
Prepaid items	-	-	-	5,050	5,050	-
Restricted cash and cash equivalents	1,282,710	-	-	-	1,282,710	-
Total current assets	32,379,606	4,179,717	1,109,995	741,862	38,411,180	17,304,422
NONCURRENT ASSETS						
CAPITAL ASSETS						
Land	4,072,882	-	-	-	4,072,882	-
Construction in progress	4,226,973	-	-	-	4,226,973	-
Other improvements	-	-	496,132	-	496,132	-
Towers, tanks, and pump stations	190,630,891	-	-	-	190,630,891	-
Vehicles	855,033	140,440	151,554	-	1,147,027	14,768,075
Machinery and equipment	4,227,482	12,359	444,171	1,039,720	5,723,732	5,842,625
Total capital assets	204,013,261	152,799	1,091,857	1,039,720	206,297,637	20,610,700
Less: accumulated depreciation	(91,988,897)	(30,303)	(570,461)	(904,726)	(93,494,387)	(11,365,945)
Capital assets, net of accumulated depreciation	112,024,364	122,496	521,396	134,994	112,803,250	9,244,755
Total noncurrent assets	112,024,364	122,496	521,396	134,994	112,803,250	9,244,755
TOTAL ASSETS	144,403,970	4,302,213	1,631,391	876,856	151,214,430	26,549,177
DEFERRED OUTFLOWS OF RESOURCES						
Deferred charges on refunding	165,889	-	-	-	165,889	-
Deferred outflows of resources - pension	846,597	100,396	92,647	252,056	1,291,696	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,012,486	100,396	92,647	252,056	1,457,585	-
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION						
CURRENT LIABILITIES						
Accounts payable	1,806,285	349,513	58,870	71,254	2,285,922	474,001
Accrued liabilities	161,271	16,649	16,170	52,903	246,993	447
Retainage payable	84,912	-	-	-	84,912	-
Accrued compensated absences - current	216,260	45,771	29,623	81,726	373,380	-
Incurred but not reported claims	-	-	-	-	-	1,160,834
Payable from restricted assets:						
Revenue bonds payable - current	1,070,021	-	-	-	1,070,021	-
Capital leases payable - current	-	-	-	93,168	93,168	-
Accrued interest payable	47,225	-	-	-	47,225	-
Customer deposits payable	1,683,256	-	-	35,449	1,718,705	-
Total current liabilities	5,069,230	411,933	104,663	334,500	5,920,326	1,635,282
NONCURRENT LIABILITIES						
Revenue bonds payable	3,855,826	-	-	-	3,855,826	-
Capital leases payable	-	-	-	23,311	23,311	-
Net pension liability	2,259,468	262,279	242,899	659,463	3,424,109	-
Accrued compensated absences	204,734	43,331	28,044	77,370	353,479	-
Total noncurrent liabilities	6,320,028	305,610	270,943	760,144	7,656,725	-
TOTAL LIABILITIES	11,389,258	717,543	375,606	1,094,644	13,577,051	1,635,282
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows of resources - pension	78,827	8,417	7,814	21,190	116,248	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	78,827	8,417	7,814	21,190	116,248	-
NET POSITION (DEFICIT)						
Net investment in capital assets	107,264,404	122,497	521,396	18,514	107,926,811	9,244,755
Restricted for revenue bond principal and interest	195,485	-	-	-	195,485	-
Unrestricted	26,488,482	3,554,152	819,222	(5,436)	30,856,420	15,669,140
TOTAL NET POSITION (DEFICIT)	$ 133,948,371	$ 3,676,649	$ 1,340,618	$ 13,078	$ 138,978,716	$ 24,913,895

The Notes to Financial Statements are an integral part of this statement.

CITY OF ALLEN, TEXAS **EXHIBIT 8**
RECONCILIATION OF THE STATEMENT OF NET POSITION
OF PROPRIETARY FUNDS TO THE
GOVERNMENT – WIDE STATEMENT OF NET POSITION
SEPTEMBER 30, 2017

Amounts reported for business-type activities in the statement of net position are different because:	
Total net position per statement of net position	$ 138,978,716
Internal service funds are used by management to charge the costs of replacing machinery and equipment, fleet management, workers compensation, property liability loss, medical and dental insurance, and health claims to individual funds.	
The assets and liabilities of internal service funds are included in the governmental activities in the government-wide statement of net position. The amount shown represents the net receivable from internal service funds allocated to business-type activities since the adoption of GASB 34.	1,064,035
Total net position of business-type activities	$ 140,042,751

The Notes to Financial Statements are an integral part of this statement.

CITY OF ALLEN, TEXAS **EXHIBIT 9**
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS					GOVERNMENTAL ACTIVITIES
	WATER AND SEWER	SOLID WASTE	DRAINAGE	GOLF COURSE	TOTAL	INTERNAL SERVICE FUNDS
OPERATING REVENUES						
Charges for sales and services:						
Water sales	$ 20,931,095	$ -	$ -	$ -	$ 20,931,095	$ -
Sewer charges	14,768,352	-	-	-	14,768,352	-
Connection fees	203,400	-	-	-	203,400	-
Garbage collections	-	6,699,059	-	-	6,699,059	-
Service charges	934,830	-	138,508	2,956,256	4,029,594	13,652,677
Drainage fees	-	-	1,494,963	-	1,494,963	-
Miscellaneous	601,149	36,500	15,210	3,105	655,964	371,011
Total operating revenues	37,438,826	6,735,559	1,648,681	2,959,361	48,782,427	14,023,688
OPERATING EXPENSES						
Personnel services	4,841,161	575,962	593,119	1,577,339	7,587,581	304,123
Contractual services	26,993,944	5,376,885	200,439	991,346	33,562,614	12,537,871
Maintenance	357,964	6,272	297,892	82,809	744,937	32
Supplies	579,974	32,922	59,268	258,016	930,180	39,177
Depreciation	6,244,621	15,293	39,389	140,155	6,439,458	1,996,894
Other	250,686	71,519	2,950	85,479	410,634	-
Total operating expenses	39,268,350	6,078,853	1,193,057	3,135,144	49,675,404	14,878,097
OPERATING INCOME (LOSS)	(1,829,524)	656,706	455,624	(175,783)	(892,977)	(854,409)
NON-OPERATING REVENUES (EXPENSES)						
Investment earnings	170,920	21,928	6,660	-	199,508	123,406
Interest expense	(183,332)	-	-	-	(183,332)	-
Gain on disposal of capital assets	-	-	-	-	-	219,730
Total non-operating revenues (expenses)	(12,412)	21,928	6,660	-	16,176	343,136
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(1,841,936)	678,634	462,284	(175,783)	(876,801)	(511,273)
CAPITAL CONTRIBUTIONS AND TRANSFERS						
Development fees	1,389,228	-	-	-	1,389,228	-
Capital contributions	4,233,683	-	-	-	4,233,683	-
Transfers in	40,175	-	-	402,000	442,175	1,302,462
Transfers out	(4,188,211)	(541,034)	(323,819)	-	(5,053,064)	(201,443)
Total capital contributions and transfers	1,474,875	(541,034)	(323,819)	402,000	1,012,022	1,101,019
CHANGE IN NET POSITION	(367,061)	137,600	138,465	226,217	135,221	589,746
NET POSITION, BEGINNING OF YEAR AS RESTATED	134,315,432	3,539,049	1,202,153	(213,139)	138,843,495	24,324,149
NET POSITION, END OF YEAR	$ 133,948,371	$ 3,676,649	$ 1,340,618	$ 13,078	$ 138,978,716	$ 24,913,895

The Notes to Financial Statements are an integral part of this statement.

CITY OF ALLEN, TEXAS **EXHIBIT 10**
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION OF PROPRIETARY FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2017

Amounts reported for business-type activities in the statement of activities are different because:	
Net change in fund net position- total proprietary funds	$ 135,221
Internal service funds are used by management to charge the costs of replacing machinery and equipment, fleet management, workers compensation, property liability loss, medical and dental insurance, and health claims to individual funds.	
The net expenses of certain activities of internal service funds is allocated to business-type activities.	(76,134)
Change in net position of business-type activities	$ 59,087

The Notes to Financial Statements are an integral part of this statement.

CITY OF ALLEN, TEXAS **EXHIBIT 11**
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS					GOVERNMENTAL ACTIVITIES
	WATER AND SEWER	SOLID WASTE	DRAINAGE	GOLF COURSE	TOTAL	INTERNAL SERVICE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from customers	$ 37,064,730	$ 6,800,788	$ 1,654,820	$ 2,959,267	$ 48,479,605	$ -
Cash received from transactions with other funds	-	-	-	-	-	14,016,632
Cash paid to employees for services	(4,704,885)	(554,414)	(576,150)	(1,519,067)	(7,354,516)	(304,123)
Cash paid for goods and services	(27,421,551)	(5,479,630)	(552,902)	(1,420,351)	(34,874,434)	(615,390)
Cash paid for claims	-	-	-	-	-	(11,668,125)
Net cash provided by operating activities	4,938,294	766,744	525,768	19,849	6,250,655	1,428,994
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES						
Transfers in from other funds	790,175	-	-	402,000	1,192,175	1,302,462
Transfers out to other funds	(4,938,211)	(541,034)	(323,819)	-	(5,803,064)	(201,443)
Net cash provided by (used in) non-capital financing activities	(4,148,036)	(541,034)	(323,819)	402,000	(4,610,889)	1,101,019
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Principal paid on revenue bond maturities	(1,000,000)	-	-	-	(1,000,000)	-
Interest and fees paid on long-term debt	(192,469)	-	-	-	(192,469)	-
Acquisition and construction of capital assets	(2,780,222)	-	(63,970)	-	(2,844,192)	(3,125,411)
Proceeds from sale of capital assets	-	-	-	-	-	219,730
Capital lease payment	-	-	-	(136,041)	(136,041)	-
Contributions from developers	1,389,228	-	-	-	1,389,228	-
Net cash used in capital and related financial activities	(2,583,463)	-	(63,970)	(136,041)	(2,783,474)	(2,905,681)
CASH FLOWS FROM INVESTING ACTIVITIES						
Sale (purchase) of investment securities	190,527	(206,463)	(203,937)	-	(219,873)	(1,543,974)
Interest on investments	222,225	25,738	7,324	-	255,287	154,347
Net cash provided by (used in) investing activities	412,752	(180,725)	(196,613)	-	35,414	(1,389,627)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,380,453)	44,985	(58,634)	285,808	(1,108,294)	(1,765,295)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	11,308,481	1,176,590	352,324	450,904	13,288,299	7,056,950
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 9,928,028	$ 1,221,575	$ 293,690	$ 736,712	$ 12,180,005	$ 5,291,655
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES						
Net operating income (loss)	$ (1,829,524)	$ 656,706	$ 455,624	$ (175,783)	$ (892,977)	$ (854,410)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation and amortization expense	6,266,457	15,293	39,389	140,155	6,461,294	1,996,894
Change in assets and liabilities:						
Accounts receivable	(191,165)	65,229	6,140	(94)	(119,890)	-
Other receivables	(182,931)	-	-	-	(182,931)	(7,056)
Prepaids	-	-	-	-	-	118,915
Inventories	(8,015)	-	-	-	(8,015)	-
Deferred outflows - pension	58,481	7,275	6,788	18,341	90,885	-
Accounts payable	729,404	11,086	10,648	(10,106)	741,032	174,651
Retainage payable	-	-	-	-	-	-
Accrued liabilities	6,669	(3,119)	(3,001)	5,185	5,734	-
Net pension liability	87,891	10,933	10,201	27,565	136,590	-
Compensated absences	12,602	6,164	2,613	19,486	40,865	-
Deposits	11,122	-	-	2,218	13,340	-
Deferred inflows - pension	(22,697)	(2,823)	(2,634)	(7,118)	(35,272)	-
Total adjustments	6,767,818	110,038	70,144	195,632	7,143,632	2,283,404
Net cash provided by operating activities	$ 4,938,294	$ 766,744	$ 525,768	$ 19,849	$ 6,250,655	$ 1,428,994
NON-CASH FINANCING ACTIVITIES:						
Contributions of capital assets from developers	$ 4,233,683	$ -	$ -	$ -	$ 4,233,683	$ -
Reconciliation of total cash to the statement of net position						
Cash and cash equivalents - current	$ 8,645,318	$ 1,221,575	$ 293,690	$ 736,712	$ 10,897,295	$ 5,291,655
Restricted cash and cash equivalents	1,282,710	-	-	-	1,282,710	-
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 9,928,028	$ 1,221,575	$ 293,690	$ 736,712	$ 12,180,005	$ 5,291,655

The Notes to Financial Statements are an integral part of this statement.

CITY OF ALLEN, TEXAS **EXHIBIT 12**
STATEMENT OF NET POSITION
COMPONENT UNITS
SEPTEMBER 30, 2017

	ALLEN ECONOMIC DEVELOPMENT CORPORATION	ALLEN COMMUNITY DEVELOPMENT CORPORATION	TOTALS
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	$ 2,878,788	$ 4,074,731	$ 6,953,519
Investments	8,968,278	9,505,525	18,473,803
Sales tax receivable	1,521,997	1,521,997	3,043,994
Accrued interest receivable	22,462	24,093	46,555
Prepaid items	6,298	-	6,298
Total current assets	13,397,823	15,126,346	28,524,169
NONCURRENT ASSETS			
CAPITAL ASSETS			
Land	18,866,830	2,239,201	21,106,031
Construction in progress	-	506,944	506,944
Buildings	-	36,225,091	36,225,091
Furniture and fixtures	-	317,194	317,194
Machine & equipment	-	2,239,457	2,239,457
Vehicles	-	646,971	646,971
Improvements other than buildings	-	32,573,985	32,573,985
Total capital assets	18,866,830	74,748,843	93,615,673
Less: accumulated depreciation	-	(23,410,153)	(23,410,153)
Capital assets, net of accumulated depreciation	18,866,830	51,338,690	70,205,520
Total noncurrent assets	18,866,830	51,338,690	70,205,520
TOTAL ASSETS	32,264,653	66,465,036	98,729,689
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on refunding	454,284	648,107	1,102,391
TOTAL DEFERRED OUTFLOWS OF RESOURCES	454,284	648,107	1,102,391
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES			
Accounts payable	2,617,615	561,017	3,178,632
Retainage payable	-	18,500	18,500
Accrued interest payable	67,941	57,965	125,906
Accrued and other liabilities	23,913	-	23,913
Current portion of long-term debt	3,168,121	1,715,000	4,883,121
Total current liabilities	5,877,590	2,352,482	8,230,072
NONCURRENT LIABILITIES			
Noncurrent portion of long-term debt	16,833,742	27,805,000	44,638,742
Total noncurrent liabilities	16,833,742	27,805,000	44,638,742
TOTAL LIABILITIES	22,711,332	30,157,482	52,868,814
NET POSITION			
Investment in capital assets	14,711,114	22,466,797	37,177,911
Restricted for debt service	202,273	150,972	353,245
Unrestricted	(4,905,782)	14,337,892	9,432,110
TOTAL NET POSITION	$ 10,007,605	$ 36,955,661	$ 46,963,266

The Notes to Financial Statements are an integral part of this statement.

CITY OF ALLEN, TEXAS **EXHIBIT 13**
STATEMENT OF ACTIVITIES
COMPONENT UNITS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

Function/Program Activities	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: COMPONENT UNITS: ALLEN ECONOMIC DEVELOPMENT CORPORATION	Net (Expense) Revenue and Changes in Net Position: COMPONENT UNITS: ALLEN COMMUNITY DEVELOPMENT CORPORATION	TOTALS
COMPONENT UNITS						
Allen Economic Development Corporation	$ 13,693,115	$ -	$ -	$ (13,693,115)	$ -	$ (13,693,115)
Allen Community Development Corporation	5,994,155	-	-	-	(5,994,155)	$ (5,994,155)
TOTAL COMPONENT UNITS	$ 19,687,270	$ -	$ -	$ (13,693,115)	$ (5,994,155)	$ (19,687,270)
General revenues:						
Sales taxes				$ 9,523,424	$ 9,523,424	$ 19,046,848
Interest on investments				144,493	94,068	238,561
Gain on disposition of capital assets				764,269	-	764,269
Miscellaneous				1,439,973	-	1,439,973
Total general revenues				11,872,159	9,617,492	21,489,651
CHANGE IN NET POSITION				(1,820,956)	3,623,337	1,802,381
NET POSITION, beginning of year, as restated				11,828,561	33,332,324	45,160,885
NET POSITION, end of year				$ 10,007,605	$ 36,955,661	$ 46,963,266

The Notes to Financial Statements are an integral part of this statement.

CITY OF ALLEN

NOTES TO FINANCIAL STATEMENTS

CITY OF ALLEN

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Statement

The City of Allen (the City) was incorporated in 1953, under the provisions of Chapter 11, Title 28, Texas Revised Civil Statutes of 1925. In 1979, the City adopted a charter making it a home rule city operating under a Council-Manager form of government. The City provides such services as are authorized by its charter to advance the welfare, health, comfort, safety and convenience of its inhabitants.

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), and the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units.* The more significant accounting policies of the City are described below.

Financial Reporting Entity

As required by accounting principles generally accepted in the United States of America, the financial statements of the City include the primary government and organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The City is financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it can impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization.

Some organizations are included as component units because of their fiscal dependency on the primary government. An organization is fiscally dependent on the primary government if it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval by the primary government. The following entities were found to be component units of the City and are included in the basic financial statements:

Allen Economic Development Corporation (AEDC) - The AEDC is responsible for aiding, promoting and furthering economic development within the City.

Allen Community Development Corporation (ACDC) - The ACDC is responsible for supporting the improvements in community parks and recreation, streets and sidewalks, public safety and the community library.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Financial Reporting Entity – Continued

The members of both the AEDC's and ACDC's Boards of Directors are appointed by the City Council. Both the AEDC and ACDC are fiscally dependent upon the City as the City Council approves their budgets and must approve any debt issuance. However, the component units do not qualify for blending because the component services directly benefit the community rather than the City itself. The AEDC and ACDC are discretely presented as governmental fund types and do not issue separate financial statements.

Basis of Presentation

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the non-fiduciary activities of the primary government and its component units. The effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements; however, interfund services provided and used are not eliminated in the process of consolidation. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Additionally, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements:

The City segregates transactions related to certain functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental funds and proprietary funds. These statements present each major fund as a separate column on the fund financial statements; all nonmajor funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balances of current financial resources. The City has presented the following major governmental funds:

General Fund -

The General Fund is the general operating fund of the City. It is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Basis of Presentation – Continued

Debt Service Fund -

The Debt Service Fund is used to account for the accumulation of financial resources for the payment of principal, interest and related costs on general long-term debt paid primarily from taxes levied by the City. The fund balance of the Debt Service Fund is reserved to signify the amounts that are restricted exclusively for debt service expenditures.

General Capital Projects Fund -

The General Capital Projects Fund is used to account for resources used for the acquisition and/or construction of capital facilities by the City, except those financed by proprietary funds and not accounted for by another capital projects fund.

General Obligation Bond Capital Projects Fund -

To account for financing, acquisitions, and construction of improvements to City facilities and infrastructure not accounted for by other bond funds.

Proprietary Funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow. All assets and liabilities are included on the Statement of Net Position. The City has presented the following major proprietary funds:

Enterprise Funds:

Water and Sewer Fund -

The Water and Sewer Fund is used to account for the provision of water and sewer services to the residents of the City. Activities for the fund include administration, operations and maintenance of the water and sewer system and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for water and sewer debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the fund.

Solid Waste Fund -

The Solid Waste Fund is used to account for the provision of solid waste services to residents of the City.

Drainage Fund -

The Drainage Fund is used to account for the provision of developing and maintaining proper drainage services to the residents of the City.

Golf Course Fund -

The Golf Course Fund is used to account for activities associated with the operations of The Courses at Watters Creek Golf Course purchased by the City in October 2004.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Basis of Presentation – Continued

Additionally, the City reports the following Internal Service Funds:

Internal Service Funds:

Replacement Fund -

The Replacement Fund is an internal service fund that accounts for the costs associated with the acquisition and replacement of vehicles, machinery, and equipment through the rental of such items to other departments.

Risk Management Fund -

The Risk Management Fund accounts for the costs associated with workers compensation, liability and property insurance and medical and dental programs established for City employees and their covered dependents.

Facility Maintenance Fund -

The Facility Maintenance Fund accumulates resources to address large repairs and aging facility infrastructure. The accumulation of resources will help address major building repairs and prevent building deterioration.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods relating to a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personnel and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Measurement Focus and Basis of Accounting

Measurement focus refers to what is being measured. Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and sewer services which are accrued. Expenses are recognized at the time the liabilities are incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers all revenues as available if they are collected within 60 days after year end.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Measurement Focus and Basis of Accounting - Continued

Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The revenues susceptible to accrual are property and sales taxes, franchise taxes and interest income. Other receipts (special assessments) become measurable and available when cash is received by the City and are recognized as revenue at that time.

Cash, Cash Equivalents and Investments

State statutes and policy as established by the City Council authorize the City to invest in certificates of deposit, direct obligations of the U.S. Treasury, investment pools consisting of such U.S. Treasury obligations, repurchase agreements, commercial paper and mutual funds. Substantially all operating cash and cash equivalents are maintained in pooled cash and time deposit accounts. Interest income relating to pooled deposits is allocated to the individual funds based on each fund's pro rata share of total pooled deposits.

For purposes of the statement of cash flows, the proprietary funds consider all highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents, as they are available for withdrawal on demand.

Investments are recorded at amortized cost when original maturity at the time of purchase is less than one year or at market if greater than one year.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Under the City's budgetary process, appropriations lapse at fiscal year-end. Encumbrances are reported as assigned fund balance because they do not constitute expenditures or liabilities.

Property Taxes

The City's property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and certain personal property located within the City. Appraised values are established by the Central Appraisal District of Collin County at 100% of estimated market value and certified by the Appraisal Review Board. The assessed value upon which the 2016 levy was based is $11,225,448,262. Taxes are due on October 1 and are delinquent after the following January 31.

The City is permitted by Article XI, Section 5 of the State of Texas Constitution to levy taxes up to $2.50 per $100 of assessed valuation for general governmental services, including the payment of principal and interest on general obligation long-term debt. The combined tax rate to finance general governmental services including the payment of principal and interest on long-term debt for the year ended September 30, 2017 was $0.52 per $100 of assessed valuation. In Texas, countywide central appraisal districts are required to assess all property within the appraisal district based on 100% of its appraised value and are prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every three years; however, the City may, at its own expense, require annual reviews of appraised values.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Property Taxes - Continued

The City may challenge appraised values established by the appraisal district through various appeals and, if necessary, legal action. Under this legislation, the City continues to set tax rates on City property. However, if the effective maintenance and operations tax rate, increased by 8% excluding other contractual obligations, adjusted for new improvements, plus the calculated debt tax rate is less than the proposed city tax rate, then qualified voters of the City may petition for an election to determine whether to limit the tax rate to no more than the rollback tax rate.

Interfund Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are reported as “due to/from other funds”. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

Transactions Between Funds and Between Funds and Component Units

Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as a reduction of expenditures/expenses in the fund reimbursed. All other interfund transactions, except transactions between the component units and the primary government are recorded as transfers.

Transactions between the component units and the primary government are accounted for as external transactions (revenues and expenses). During the fiscal year ended September 30, 2017, ACDC contributed $411,669 and AEDC contributed $103,533 to the General Fund for administrative costs and for the Allen U.S.A. Celebration. These revenues were reflected as grants and contributions for the primary government in the government-wide statement of activities.

Inventories and Prepaid Items

Inventories, which are expended when consumed, are recorded using the average cost method, and are valued at cost.

Prepaid items are for payments made by the City in the current year to provide services occurring in the subsequent fiscal year. Prepaid items are reported as nonspendable fund balance in the governmental funds in the fund level financial statements to signify that a portion of fund balance is not available for other subsequent expenditures.

Special Assessments

The City has the authority to make special assessments to property owners as part of the financing of capital improvements. Such assessments are recorded in the capital projects fund as receivables when assessed and are recognized as revenue when both the measurable and available criteria have been met (generally when collected).

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at acquisition value on the date donated. The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend the asset lives are not capitalized. Renewals and betterments are capitalized. Interest has not been capitalized during the construction period on property, plant and equipment.

Assets capitalized have an original cost of $5,000 or more and over one year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	15 - 40 Years
Towers, tanks, and pump stations	30 Years
Infrastructure	10 - 50 Years
Machinery and equipment	3 - 15 Years
Vehicles	2 - 15 years
Library books	5 Years
Furniture and fixture	5 Years
Other improvements	2 - 30 Years

The City has established the Replacement Fund to account for the replacement of the City-owned vehicle, machinery, and equipment. Charges for use in the form of user payments are made by City departments to the Replacement Fund to provide for future acquisitions and replacements.

Compensated Absences

City employees earn vacation and sick leave, which may either be taken or accumulated, up to certain amounts, until paid upon retirement or termination. Upon termination or retirement, an employee is reimbursed up to a maximum number of hours of vacation pay and sick leave based upon the years of service. Accumulated vacation and sick leave is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements.

Pensions

For purposes of measuring the net pension liability, pension related deferred outflows and inflows of resources, and pension expense, City specific information about its Fiduciary Net Position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from the City's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the City's Total Pension Liability is obtained from TMRS through a report prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has the following items that qualify for reporting in this category:

- Deferred charges on refundings – A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Pension contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five-year period.
- Difference between expected and actual pension experience – This difference is deferred and amortized over a closed period of 5.49 years.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has three types of items that qualify for reporting in this category. In the statement of net position, the City reports the difference in expected and actual pension experience and the changes in actuarial assumptions. These are deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date. In the balance sheet for the governmental funds, the City reports unavailable revenue for property taxes not received within 60 days of year end.

Net Position

Net position represents the difference between assets, liabilities, and deferred inflows and outflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Fund Balance

Fund balance classifications are nonspendable, restricted, committed, assigned, and unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund balance can have different levels of constraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the General Fund. The General Fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance.

The City classifies governmental fund balances as follows:

Nonspendable -- includes amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact. This classification includes inventories, prepaid items and long-term receivables.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fund Balance – Continued

Restricted -- includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts restricted due to constitutional provisions or enabling legislation. This classification includes retirement of long term debt, construction programs, and other federal and state grants.

Committed -- includes fund balance amounts that are constrained for specific purposes that are internally imposed by the City through formal action of the highest level of decision making authority. Committed fund balance is reported pursuant to resolution passed by the City Council.

Assigned -- includes fund balance amounts that are self-imposed by the City to be used for a particular purpose. Fund balance can be assigned by the City Manager or the Chief Financial Officer. This classification includes insurance deductibles, encumbrances, program start-up costs, projected budget deficit for subsequent years and other legal uses.

Unassigned -- includes residual positive fund balance within the General Fund which has not been classified within the other above-mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

When multiple categories of fund balance are available for expenditure, the City will start with the most restricted category and spend those funds first before moving down to the next category with available funds.

Minimum General Fund Unassigned Fund Balance - It is the goal of the City to achieve and maintain an unassigned General Fund balance that is within a range of 60 to 90 days of annual expenditures. If unassigned General Fund balance falls below the goal or has a deficiency, the City will establish a timeframe and work plan to replenish the fund balance. The work plan may include tax increases, fee increases, reduction of services, and/or reduction of expenditures (i.e. hiring freeze, salary freeze, or reduction of travel/training).

NOTE 2. DEPOSITS, INVESTMENTS AND INVESTMENT POLICIES

Deposits – State statutes require that all deposits be fully collateralized by U.S. Government obligations or obligations of Texas and its agencies that have a market value of not less than the principal amount of the deposits.

The City's demand deposits and certificates of deposit were fully insured or collateralized at September 30, 2017, with collateral required by state statutes. At year-end, the carrying amount of the City's deposits was $9,288,166 and the bank balance was $10,372,584. Of the bank balance, federal depository insurance covered $250,000 and the remainder was covered by collateral held by the pledging financial institution's agent in the City's name. The City's petty cash balance at September 30, 2017 was $46,325.

The carrying amount of deposits for ACDC and AEDC, discretely presented component units, were $272,102 and ($782,104), respectively, with no corresponding bank balances as they are pooled with the City's deposits. AEDC's petty cash balance at September 30, 2017 was $100.

NOTE 2. DEPOSITS, INVESTMENTS AND INVESTMENT POLICIES – CONTINUED

Investments – State statutes authorize the City to invest in U.S. Government obligations, obligations of Texas and its agencies and fully collateralized repurchase agreements. The City, AEDC and ACDC invest in Texpool which is an investment fund authorized by the Texas Legislature and administered by the Texas State Treasury. The Texas Treasury Safekeeping Trust Company is trustee of Texpool and is a limited purpose trust company authorized pursuant to Texas Government Code. The purpose of Texpool is to allow for the pooling of public funds to provide a higher yield on the pooled investment than would be possible with the investment of the individual public entity's funds. Texpool investments are subject to the same investment policies maintained by the State Treasury for all state funds. The Legislature has authorized only certain investment instruments for public funds, including repurchase agreements, U.S. Treasury bills and bonds, securities of other U.S. Government agencies, commercial paper and other safe instruments.

The table below identifies the investment types that are authorized for the City by the Public Funds Investment Act. (Government Code Chapter 2256). The table also identifies certain provisions of the City's investment policy that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Investment In One Issuer
Certificates of Deposit	5 years	None
Repurchase Agreements	5 years	None
U. S. Treasure Obligations	5 years	None
Municipal Investment Pool	5 years	None
Commercial Bank Savings Account	5 years	None
Money Market Mutual Fund	5 years	None
U. S. Government Securities (non-callable)	5 years	None
U. S. Government Securities (callable)	5 years	None
U. S. Government Sponsored Corp. Instruments: non-callable	5 years	None
U. S. Government Sponsored Corp. Instruments: callable	5 years	None
Commercial Paper	5 years	None
Bankers Acceptance	5 years	None
Guaranteed Investment Contracts	5 years	None
State or Local Governmental Obligations	5 years	None

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, Fair Value Measurement and Application provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs—other than quoted prices included within Level 1—that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

NOTE 2. DEPOSITS, INVESTMENTS AND INVESTMENT POLICIES – CONTINUED

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

The City's investments are measured as presented in the table below. The City's investment balances, weighted average maturity, and credit risk of such investments are as follows:

Investment Type	Primary Government	AEDC	ACDC	Total September 30, 2017	Significant Other Observable Inputs (Level 2)	% of Total Investments	Weighted Avg. Maturity (Years)	Credit Rating
Investments Measured at Amortized Cost:								
TexPool	$ 542,838	$ 3,660,792	$ 3,802,630	$ 8,006,259	$ -	5.49%	0.01	AAAm
Investments Measured at NAV:								
Money Market Accounts	3,579	-	-	3,579		0.00%	0.00	AAAm
TexSTAR	3,023,137	-	-	3,023,137	-	2.07%	0.00	AAAm
Texas CLASS	30,294,169	-	-	30,294,169	-	20.77%	0.03	AAAm
Investments Measured at Cost:								
Certificates of Deposit	27,103,576	2,825,403	2,994,659	32,923,639		22.58%	0.35	n/a
Investments Subject to Fair Value:								
U.S. Agencies	58,106,771	6,057,340	6,420,207	70,584,318	70,584,318	48.40%	1.01	AA+
Municipal Bonds	820,516	85,535	90,659	996,710	996,710	0.68%	0.00	AA-
Total	$ 119,894,586	$ 12,629,070	$ 13,308,155	$ 145,831,811	$ 71,581,028			

Investment Pools, money markets, and certificates of deposits are measured at amortized cost, net asset value, or cost and are not required to be reported by levels in the table.

TexPool is an external investment pool measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, investment pools must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity and diversification requirements within the investment pool. The investment pools transact at a net asset value of $1.00 per share, have weighted average maturity of 60 days or less and weighted average life of 120 days or less, investments held are highly rated by nationally recognized statistical rating organization, have no more than 5% of portfolio with one issuer (excluding US government securities), and can meet reasonably foreseeable redemptions. TexPool has a redemption notice period of one day and no maximum transaction amounts. The investment pools' authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pools' liquidity.

Texas CLASS and TexSTAR investment pools are external investment pools measured at their net asset value. Texas CLASS and TexSTAR's strategy are to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short-term marketable securities. The City has no unfunded commitments related to the investment pools. Texas CLASS and TexSTAR have a redemption notice period of one day and may redeem daily. The investment pools' authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pools' liquidity.

NOTE 2. DEPOSITS, INVESTMENTS AND INVESTMENT POLICIES – CONTINUED

The Texas Comptroller of Public Accounts is the sole officer, director, and shareholder of the Texas Treasury Safekeeping Trust Company, which is authorized to operate TexPool. In addition, the TexPool Advisory Board advises on TexPool's Investment Policy. This Board is composed equally of participants in TexPool and other persons who do not have a business relationship with TexPool who are qualified to advise TexPool.

Texas CLASS (Texas Cooperative Liquid Assets Security System) was organized in March 1996 under a trust agreement executed by and among Texas local governmental entities in accordance with the Public Funds Investment Act, and the Texas Government Code and remains in full compliance with Chapter 2256. The fund is administered by Public Trust Advisors, LLC and is rated AAAm by Standard & Poor's Rating Services.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Investments with interest rates that are fixed for longer periods of time are more likely to be subject to increased variability in their fair values due to changes in the market interest rates. The City manages its exposure to market price changes by avoiding over-concentration of assets in a specific maturity sector, limitation of average maturity of operating funds investments to less than eighteen months, and avoidance of over-concentration of assets in specific instruments other than U.S. Treasury Securities and authorized investment pools.

Credit Risk

The City's Investment policy, in conjunction with state law, specifies the type of credit rating of all authorized investments.

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This type of risk is typically expressed in terms of the credit ratings issued by a nationally recognized statistical rating organization. The City reduces the risk of issuer default by limiting investments to those instruments allowed by the Public Funds Investment Act, Chapter 2256, Texas Government Code. The City's investments in U.S. Agency securities (FFCB, FHLB, FHLMC, and FNMA) are rated AA+ by Standard & Poor's and Aaa by Moody's Investors Service. The City's investments in municipal bonds are rated AA- by Standard and Poor's and Aa3 by Moody's Investors Service. Investments in TexPool, TexSTAR, Texas CLASS, and money market accounts carried a credit rating of AAAm by Standard & Poor's as of September 30, 2017.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City's investment policy controls concentration of credit risk by limiting the amount of investment with a single issuer to no more than 35% of the total portfolio with the exception of State approved investment pools and U.S. Government Securities. As of September 30, 2017, with the exception of funds invested in TexPool, TexSTAR, or Texas CLASS, the following table represents 5% or more of the City's investments.

Issuer	Investment Type	Reported Amount	Percentage
FNMA	Federal agency securities	$ 15,840,606	10.86%
FFCB	Federal agency securities	21,375,305	14.66%
FHLB	Federal agency securities	23,867,353	16.37%
FHLMC	Federal agency securities	9,501,054	6.52%

NOTE 2. DEPOSITS, INVESTMENTS AND INVESTMENT POLICIES – CONTINUED

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party.

The custodial credit risk for investments is the risk that, in the event of failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City's investment policy minimizes custodial credit risk by requiring pledged securities to be in the name of the City.

The Public Funds Investment Act does require that financial institutions secure deposits made by state or local governmental bodies by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities of the collateral must always remain at least equivalent to the bank balance less the FDIC insurance.

As of September 30, 2017, the City's deposits with financial institutions above the federal depository limits were fully collateralized.

NOTE 3. RECEIVABLES

Receivables at September 30, 2017 for both governmental and business-type activities, including the applicable allowances for uncollectible accounts, consist of the following:

	Property Tax	Sales Taxes	Accrued Accounts	Interest	Other	Total
General Fund	$ 258,866	$ 3,043,995	$ 804	$ 51,111	$ 4,988,108	$ 8,342,884
Debt Service	68,926	-	-	2,286	1,557	72,769
General Capital Projects	-	-	-	39,201	710,040	749,241
G.O. Bond Fund	-	-	-	39,593	11,308	50,901
Nonmajor Governmental Funds	-	-	426,223	20,281	-	446,504
Water and Sewer	-	-	6,554,322	41,943	182,931	6,779,196
Solid Waste	-	-	785,337	5,747	135,807	926,891
Drainage	-	-	213,312	1,727	-	215,039
Golf Course	-	-	-	-	100	100
Internal Service Funds	-	-	7,056	29,481	-	36,537
Gross Receivables	327,792	3,043,995	7,987,054	231,370	6,029,851	17,620,062
Less: Allowance for Uncollectibles	(288,737)	-	(28,855)	-	(1,744,894)	(2,062,486)
Total Net Receivables, Primary Government	$ 39,055	$ 3,043,995	$ 7,958,199	$ 231,370	$ 4,284,957	$ 15,557,576
Component Units	$ -	$ 3,043,994	$ -	$ 46,555	$ -	$ 3,090,549

The Water and Sewer Fund, Solid Waste Fund, and Drainage Fund accounts receivable include unbilled charges for services rendered through September 30, 2017.

NOTE 4. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2017 was as follows:

Governmental Activities

	Balance September 30, 2016, as Restated	Additions	Dispositions	Adjustments/ Transfers	Balance September 30, 2017
Governmental Funds:-					
General capital assets not being depreciated:					
Land and land improvements	$ 135,405,711	$ 3,619,242	$ -	$ 44,335	$ 139,069,288
Construction in progress	16,656,539	5,813,702	-	(14,978,083)	7,492,158
Total capital assets not being depreciated	152,062,250	9,432,944	-	(14,933,748)	146,561,446
General capital assets being depreciated:					
Buildings	95,714,580	-	-	5,460,588	101,175,168
Improvements other than buildings	473,153,894	10,624,701	(84,410)	12,646,184	496,340,369
Furniture and fixtures	7,641,528	-	(117,770)	-	7,523,758
Vehicles	1,692,894	140,456	(143,601)	-	1,689,749
Library books	1,632,126	-	(723,101)	-	909,025
Machinery and equipment	9,375,362	430,675	(431,757)	-	9,374,280
Total capital assets being depreciated	589,210,384	11,195,832	(1,500,639)	18,106,772	617,012,349
Less accumulated depreciation for:					
Buildings	(25,898,765)	(2,412,716)	-	-	(28,311,481)
Improvements other than buildings	(258,873,735)	(18,210,407)	84,410	(2,639,906)	(279,639,638)
Furniture and fixtures	(7,623,230)	(15,931)	117,770	-	(7,521,391)
Vehicles	(1,458,722)	(81,987)	143,601	-	(1,397,108)
Library books	(1,240,988)	(163,917)	723,101	-	(681,804)
Machinery and equipment	(8,683,469)	(206,160)	431,757	-	(8,457,872)
Total accumulated depreciation	(303,778,909)	(21,091,118)	1,500,639	(2,639,906)	(326,009,294)
Total general capital assets being depreciated, net	285,431,475	(9,895,286)	-	15,466,866	291,003,055
General capital assets, net	$ 437,493,725	$ (462,342)	$ -	$ 533,118	$ 437,564,501

NOTE 4. CAPITAL ASSETS – CONTINUED

	Balance September 30, 2016	Additions	Dispositions	Adjustments/ Transfers	Balance September 30, 2017
Internal Service Funds:					
Internal service funds assets not being depreciated:					
Construction in progress	$ 616,326	$ -	$ -	$ (616,326)	$ -
Total capital assets not being depreciated	616,326	-	-	(616,326)	-
Internal service assets being depreciated:					
Vehicles	12,268,519	2,920,147	(1,036,917)	616,326	14,768,075
Machinery and equipment	5,906,680	205,264	(269,319)	-	5,842,625
Total internal service assets being depreciated	18,175,199	3,125,411	(1,306,236)	616,326	20,610,700
Less accumulated depreciation for:					
Vehicles	(8,177,795)	(1,430,696)	1,036,917	-	(8,571,574)
Machinery and equipment	(2,497,492)	(566,198)	269,319	-	(2,794,371)
Total accumulated depreciation	(10,675,287)	(1,996,894)	1,306,236	-	(11,365,945)
Total Internal service funds capital assets being depreciated, net	7,499,912	1,128,517	-	616,326	9,244,755
Total Internal service funds capital assets, net	8,116,238	1,128,517	-	-	9,244,755
Governmental activities capital assets, net	$ 445,609,963	$ 666,175	$ -	$ 533,118	$ 446,809,256

Business-Type Activities

	Balance September 30, 2016	Additions	Dispositions	Adjustments/ Transfers	Balance September 30, 2017
Water and Sewer Activities:					
Capital assets not being depreciated:					
Land	$ 4,072,882	$ -	$ -	$ -	$ 4,072,882
Construction in progress	2,059,167	2,732,001	-	(564,195)	4,226,973
Total capital assets not being depreciated	6,132,049	2,732,001	-	(564,195)	8,299,855
Capital Assets Being depreciated:					
Towers, tanks, & pumps stations	186,525,682	4,233,683	(376,901)	248,427	190,630,891
Machinery and equipment	5,492,410	-	(1,580,696)	315,768	4,227,482
Vehicles	853,145	48,221	(46,333)	-	855,033
Total capital assets being depreciated	192,871,237	4,281,904	(2,003,930)	564,195	195,713,406
Less accumulated depreciation for:					
Towers, tanks, & pumps stations	(83,081,654)	(5,778,514)	376,901	-	(88,483,267)
Machinery and equipment	(3,872,737)	(439,980)	1,580,696	-	(2,732,021)
Vehicles	(793,816)	(26,126)	46,333	-	(773,609)
Total accumulated depreciation	(87,748,207)	(6,244,620)	2,003,930	-	(91,988,897)
Total capital assets being depreciated, net	105,123,030	(1,962,716)	-	564,195	103,724,509
Water and sewer activities capital assets, net	$ 111,255,079	$ 769,285	$ -	$ -	$ 112,024,364

NOTE 4. CAPITAL ASSETS – CONTINUED

	Balance September 30, 2016	Additions	Dispositions	Balance September 30, 2017
Solid Waste Activities:				
Capital assets being depreciated:				
Machinery and equipment	$ 12,359	$ -	$ -	$ 12,359
Vehicles	140,440	-	-	140,440
Total capital assets being depreciated	152,799	-	-	152,799
Less accumulated depreciation for:				
Machinery and equipment	(7,988)	(1,249)	-	(9,237)
Vehicles	(7,022)	(14,044)	-	(21,066)
Total accumulated depreciation	(15,010)	(15,293)	-	(30,303)
Solid waste activities capital assets, net	$ 137,789	$ (15,293)	$ -	$ 122,496
Drainage Activities:				
Capital assets being depreciated:				
Other improvements	$ 496,132	$ -	$ -	$ 496,132
Vehicles	151,554	-	-	151,554
Machinery and equipment	422,231	63,970	(42,030)	444,171
Total capital assets being depreciated	1,069,917	63,970	(42,030)	1,091,857
Less accumulated depreciation for:				
Other improvements	(165,565)	(12,264)	-	(177,829)
Vehicles	(23,556)	(13,473)	-	(37,029)
Machinery and equipment	(383,981)	(13,652)	42,030	(355,603)
Total accumulated depreciation	(573,102)	(39,389)	42,030	(570,461)
Drainage activities capital assets, net	$ 496,815	$ 24,581	$ -	$ 521,396
Golf Course Activities:				
Capital assets being depreciated:				
Machinery and equipment	$ 1,039,720	$ -	$ -	$ 1,039,720
Total capital assets being depreciated	1,039,720	-	-	1,039,720
Less accumulated depreciation for:				
Machinery and equipment	(764,571)	(140,155)	-	(904,726)
Total accumulated depreciation	(764,571)	(140,155)	-	(904,726)
Golf course activities capital assets, net	275,149	(140,155)	-	134,994
Business-type activities capital assets, net	$112,164,832	$ 638,418	$ -	$ 112,803,250

NOTE 4. CAPITAL ASSETS – CONTINUED

	Balance September 30, 2016, as Restated	Additions	Dispositions	Adjustments/ Transfers	Balance September 30, 2017
Economic Development Corporation:					
Capital assets not being depreciated:					
Land and Land Improvements	$ 9,023,086	$ 10,521,016	$ (632,937)	$ (44,335)	$ 18,866,830
Capital assets being depreciated:					
Improvements other than buildings	3,128,689	-	-	(3,128,689)	-
Furniture and fixtures	66,075	-	(66,075)	-	-
Total capital assets being depreciated	3,194,764	-	(66,075)	(3,128,689)	-
Less accumulated depreciation for:					
Improvements other than buildings	(2,639,906)	-	-	2,639,906	-
Furniture and fixtures	(66,075)	-	66,075	-	-
Total accumulated depreciation	(2,705,981)	-	66,075	2,639,906	-
Total capital assets being depreciated, net	488,783	-	-	(488,783)	-
Economic Development Corporation capital assets, net	$ 9,511,869	$ 10,521,016	$ (632,937)	$ (533,118)	$ 18,866,830
Community Development Corporation:					
Capital assets not being depreciated:					
Land and Land Improvements	$ 2,239,201	$ -	$ -	$ -	$ 2,239,201
Construction in progress	5,786,232	1,531,817	-	(6,811,105)	506,944
Total capital assets not being depreciated	8,025,433	1,531,817	-	(6,811,105)	2,746,145
Capital assets being depreciated:					
Buildings	36,225,091	-	-	-	36,225,091
Machine & Equipment	1,989,049	250,408	-	-	2,239,457
Improvements other than buildings	25,762,880	-	-	6,811,105	32,573,985
Furniture and fixtures	317,194	-	-	-	317,194
Vehicles	646,971	-	-	-	646,971
Total capital assets being depreciated	64,941,185	250,408	-	6,811,105	72,002,698
Less accumulated depreciation for:					
Buildings	(6,113,571)	(915,036)	-	-	(7,028,607)
Machine & Equipment	(1,575,557)	(180,198)	-	-	(1,755,755)
Improvements other than buildings	(11,738,956)	(1,956,571)	-	-	(13,695,527)
Furniture and fixtures	(317,194)	-	-	-	(317,194)
Vehicles	(599,510)	(13,560)	-	-	(613,070)
Total accumulated depreciation	(20,344,788)	(3,065,365)	-	-	(23,410,153)
Total capital assets being depreciated, net	44,596,397	(2,814,957)	-	6,811,105	48,592,545
Community Development Corporation capital assets, net	52,621,830	(1,283,140)	-	-	51,338,690
Component units capital assets, net	$ 62,133,699	$ 9,237,876	$ (632,937)	$ (533,118)	$ 70,205,520

NOTE 4. CAPITAL ASSETS – CONTINUED

Depreciation expense was charged as direct expense to programs of the primary government and component units as follows:

Governmental activities:		
General government	$	1,084,853
Public safety		761,397
Public works		14,647,754
Culture and recreation		4,593,144
Community development		3,970
Total depreciation expense - General capital assets		21,091,118
Internal Service Funds		1,996,894
Total depreciation expense - Governmental activities	$	23,088,012
Business-type activities:		
Water and sewer	$	6,244,621
Solid waste		15,293
Drainage utility		39,389
Golf course		140,155
Total depreciation expense - Business-type activities	$	6,439,458
Component units:		
Allen Community Development Corporation	$	3,065,365

Outstanding commitments at September 30, 2017, under authorized construction contracts were $1,178,502. These outstanding commitments for capital projects will be funded from unexpended bond proceeds and additional general obligation bonds.

NOTE 5. LONG-TERM DEBT

At September 30, 2017, bonds payable consisted of the following individual issues:

General Obligation Bonds:

$1,595,000 Series 2006 Bonds due in annual installments of $50,000 to $115,000 through August 15, 2026; interest at 4.0% to 4.20%.	$	880,000
$15,400,000 Series 2009 Bonds due in annual installments of $435,000 to $1,140,000 through August 15, 2028; interest at 2.5% to 4.5%.		3,225,000
$12,000,000 Series 2010 Bonds due in annual installments of $370,000 to $865,000 through August 15, 2029; interest at 2.0% to 4.0%.		8,465,000
$8,785,000 Series 2010A Refunding Bonds due in annual installments of $110,000 to $970,000 through August 15, 2022; interest at 2.0% to 3.0%.		4,550,000
$8,840,000 Series 2011 Refunding and Improvement Bonds due in annual installments of $255,000 to $795,000 through August 15, 2030; interest at 2.0% to 4.25%.		4,895,000

NOTE 5. LONG-TERM DEBT – CONTINUED

General Obligation Bonds – continued

$13,865,000 Series 2012 Refunding and Improvement Bonds due in annual installments of $350,000 to $1,600,000 through August 15, 2024; interest at 2.0% to 5.0%.	$ 9,800,000
$5,065,000 Series 2013 Bonds due in annual installments of $190,000 to $340,000 through August 15, 2032; interest at 2.0% to 3.5%.	4,200,000
$10,595,000 Series 2014 Bonds due in annual installments of $375,000 to $740,000 through August 15, 2033; interest at 2.0% to 4.0%.	9,310,000
$32,245,000 Series 2015 Refunding and Improvement Bonds due in annual installments of $160,000 to $3,605,000 through August 15, 2034; interest at 2.0% to 5.0%.	25,495,000
$6,910,000 Series 2016 Refunding Bonds due in annual installments of $775,000 to $1,000,000 through August 15, 2028; interest at 2.0% to 4.0%.	5,910,000
$11,845,000 Series 2017 Bonds due in annual installments of $645,000 to $1,130,000 through August 15, 2032; interest at 2.25% to 5.0%.	11,845,000
	$ 88,575,000

Certificates of Obligation:

$765,000 Series 2004B Combination Tax & Revenue Golf Course Certificates of Obligation due in annual installments of $25,000 to $70,000 through September 1, 2024; interest at 4.875% to 5.50%.	$ 405,000
	$ 405,000

Tax Notes:

$1,940,000 Series 2016 Tax Notes due in annual installments of $620,000 to $685,000 through August 15, 2019; interest at 2.0%.	$ 1,255,000
	$ 1,255,000

Water and Sewer Revenue Bonds:

$5,795,000 Series 2009 Refunding Bonds due installments $530,000 to $630,000 through June 1, 2019; interest at 1.2% to 3.5%.	1,240,000
$3,370,000 Series 2013 Refunding Bonds due installments $90,000 to $385,000 through June 1, 2025; interest at 2.0% to 3.0%.	2,715,000
$1,280,000 Series 2014 Refunding Bonds due installments $105,000 to $265,000 through June 1, 2024; interest at 2.1%.	805,000
	$ 4,760,000

NOTE 5. LONG-TERM DEBT – CONTINUED

AEDC Sales Tax Revenue Bonds:

$11,810,000 Series 2017A Refunding Bonds due in annual installments of $880,000 to $1,335,000 through September 1, 2027; interest at 2.0% to 5.0%.	$ 10,930,000
$6,140,000 Series 2017B Sales Tax Revenue Bonds due in annual installments of $1,510,000 to $1,565,000 through September 1, 2020; interest at 1.25% to 2.3%.	4,610,000
	$ 15,540,000

AEDC Promissory Note:

$4,400,000 Promissory Note due in annual installments of $679,853 through June 11, 2022; interest at 2.00%.	$ 3,204,458
	$ 3,204,458

ACDC Sales Tax Revenue Bonds:

$31,235,000 Series 2016 Refunding Bonds due in annual installments of $1,715,000 to $3,825,000 through September 1, 2025; interest at 0.750% to 2.353%.	$ 29,520,000
	$ 29,520,000

The following is a summary of long-term debt transactions, including current portion, of the City for the year ended September 30, 2017:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year	Due Within One Year
Governmental Activities					
General obligation bonds	$ 86,445,000	$ 11,845,000	$ (9,715,000)	$ 88,575,000	$ 10,145,000
Certificates of obligation	450,000	-	(45,000)	405,000	45,000
Tax notes	1,940,000	-	(685,000)	1,255,000	620,000
Capital lease payable	1,700,000	-	(450,000)	1,250,000	450,000
Premiums (discounts)	7,475,844	955,225	(821,074)	7,609,995	912,981
Compensated absences	5,625,384	3,654,892	(3,054,481)	6,225,795	3,178,955
Net pension liability	26,532,334	1,129,441	-	27,661,775	-
Governmental activity long-term debt	$ 130,168,562	$ 17,584,558	$ (14,770,555)	$ 132,982,565	$ 15,351,936

NOTE 5. LONG-TERM DEBT – CONTINUED

The general fund has typically been used to liquidate the liability for compensated absences for governmental activities.

	Balance Beginning of Year	Increases	Decreases	Balance End of Year	Due Within One Year
Business-Type Activities					
Water and sewer revenue bonds	$ 5,760,000	$ -	$ (1,000,000)	$ 4,760,000	$ 1,040,000
Capital lease payable	252,519	-	(136,040)	116,479	93,168
Premiums (discounts)	195,868	-	(30,021)	165,847	30,021
Net pension liability	3,287,519	136,590	-	3,424,109	-
Compensated absences	685,994	400,987	(360,122)	726,859	373,380
Business-type activity long-term debt	$ 10,181,900	$ 537,577	$ (1,526,183)	$ 9,193,294	$ 1,536,569
Component Unit					
Allen Community Development Corporation					
Sales tax revenue bonds	$ 31,235,000	$ -	$ (1,715,000)	$ 29,520,000	$ 1,715,000
ACDC long-term debt	$ 31,235,000	$ -	$ (1,715,000)	$ 29,520,000	$ 1,715,000
Allen Economic Development Corporation					
Sales tax revenue bonds	$ 15,695,000	$ 17,950,000	$ (18,105,000)	$ 15,540,000	$ 2,420,000
Note payable	3,808,147	-	(603,689)	3,204,458	615,763
Premiums (discounts)	(34,710)	1,389,763	(97,648)	1,257,405	132,358
AEDC long-term debt	$ 19,468,437	$ 19,339,763	$ (18,806,337)	$ 20,001,863	$ 3,168,121
Component unit long-term debt	$ 50,703,437	$ 19,339,763	$ (20,521,337)	$ 49,521,863	$ 4,883,121

Debt Issuance, Cash Defeasance, and Advanced Refunding

In 2017, the City issued $11,845,000 of general obligation bonds to provide resources to construct projects associated with public facilities, public safety facilities, and street and drainage infrastructure.

In 2017, the AEDC paid $3,184,059 to provide resources to purchase U.S. Government State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of $2,900,000 of sales tax revenue bonds. As a result, the bonds are considered defeased and the liability has been removed from the component units column of the statement of net position. The cash defeasance was undertaken to reduce total debt service payments over the next seven years by $87,493 and resulted in an economic gain of $68,849. Additionally, the AEDC issued $11,810,000 of sales tax revenue refunding bonds to provide resources to purchase U.S. Government State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of $12,795,000 of sales tax revenue bonds. As a result, the refunded bonds are considered defeased and the liability has been removed from the component units column of the statement of net position. The advance refunding was undertaken to reduce total debt service payments over the next 16 years by $1,497,102 and resulted in an economic gain of $1,151,087. Finally, the AEDC issued $6,140,000 in sales tax revenue bonds for the purpose of land acquisition and infrastructure improvements.

Annual Requirements to Retire Debt Obligations

The City intends to retire all of its general long-term liabilities, plus accrued interest, from ad valorem taxes and other current revenues. The proprietary fund type long-term debt will be repaid, plus accrued interest, from operating revenues of the Water and Sewer Fund. The annual aggregate maturities for each bond type for the years subsequent to September 30, 2017, are on the following pages.

NOTE 5. LONG-TERM DEBT – CONTINUED

Annual Requirements to Retire Debt Obligations – Continued

General Obligation Bonds

Annual debt service requirements to maturity for general obligation bonds, including interest, are as follows:

	Governmental Activities		
Fiscal Year Ending September 30	Principal	Interest	Total
2018	$ 10,145,000	$ 3,420,450	$ 13,565,450
2019	9,215,000	2,993,034	12,208,034
2020	8,465,000	2,630,353	11,095,353
2021	7,830,000	2,307,814	10,137,814
2022	7,185,000	2,014,731	9,199,731
2023 - 2027	28,635,000	6,539,884	35,174,884
2028 - 2032	15,325,000	1,871,228	17,196,228
2033 - 2034	1,775,000	80,300	1,855,300
Total	$ 88,575,000	$ 21,857,794	$ 110,432,794

Certificates of Obligation

Annual debt service requirements to maturity for the Certificates of Obligation, including interest, are as follows:

	Governmental Activities		
Fiscal Year Ending September 30	Principal	Interest	Total
2018	$ 45,000	$ 21,810	$ 66,810
2019	50,000	19,470	69,470
2020	55,000	16,820	71,820
2021	60,000	13,905	73,905
2022	60,000	10,665	70,665
2023 - 2024	135,000	11,275	146,275
Total	$ 405,000	$ 93,945	$ 498,945

Tax Notes

Annual debt service requirements to maturity for the Tax Notes, including interest, are as follows:

	Governmental Activities		
Fiscal Year Ending September 30	Principal	Interest	Total
2018	$ 620,000	$ 25,100	$ 645,100
2019	635,000	12,700	647,700
Total	$ 1,255,000	$ 37,800	$ 1,292,800

NOTE 5. LONG-TERM DEBT – CONTINUED

Annual Requirements to Retire Debt Obligations – Continued

Water and Sewer Revenue Bonds

Revenue bond debt service requirements to maturity, including interest, are as follows:

	Business-type Activities		
Fiscal Year Ending September 30	Principal	Interest	Total
2018	$ 1,040,000	$ 141,674	$ 1,181,674
2019	1,070,000	108,426	1,178,426
2020	455,000	74,176	529,176
2021	465,000	61,573	526,573
2022	475,000	48,670	523,670
2023 - 2025	1,255,000	65,124	1,320,124
Total	$ 4,760,000	$ 499,643	$ 5,259,643

AEDC Sales Tax and Revenue Bonds

Sales Tax Revenue bond debt service requirements to maturity, including interest, are as follows:

	AEDC		
Fiscal Year Ending September 30	Principal	Interest	Total
2018	$ 2,420,000	$ 581,410	$ 3,001,410
2019	2,475,000	529,195	3,004,195
2020	2,530,000	470,295	3,000,295
2021	1,005,000	395,700	1,400,700
2022	1,045,000	355,500	1,400,500
2023 - 2027	6,065,000	939,250	7,004,250
Total	$ 15,540,000	$ 3,271,350	$ 18,811,350

AEDC Note Payable

The note payable debt service requirements to maturity, including interest, are as follows:

	AEDC		
Fiscal Year Ending September 30	Principal	Interest	Total
2018	$ 615,763	$ 64,089	$ 679,852
2019	628,080	51,774	679,854
2020	640,640	39,212	679,852
2021	653,453	26,400	679,853
2022	666,522	13,330	679,852
Total	$ 3,204,458	$ 194,805	$ 3,399,263

NOTE 5. LONG-TERM DEBT – CONTINUED

Annual Requirements to Retire Debt Obligations – Continued

ACDC Sales Tax and Revenue Bonds

Sales Tax Revenue bond debt service requirements to maturity, including interest, are as follows:

	ACDC		
Fiscal Year Ending September 30	Principal	Interest	Total
2018	$ 1,715,000	$ 695,581	$ 2,410,581
2019	1,735,000	676,819	2,411,819
2020	1,755,000	654,489	2,409,489
2021	1,785,000	626,866	2,411,866
2022	1,815,000	595,735	2,410,735
2023 - 2027	9,685,000	2,372,087	12,057,087
2028 - 2032	11,030,000	1,027,079	12,057,079
Total	$ 29,520,000	$ 6,648,656	$ 36,168,656

A schedule of authorized but unissued direct General Obligation Bonds as of September 30, 2016, is as follows:

Purpose	Date of Authorization	Original Amount Authorized	Issued in Prior Fiscal Years	Issued in 2017	Unissued Balance
Service Center Facilities	5/12/2007	14,500,000	12,500,000	-	2,000,000
Library	5/7/2016	16,045,000	-	779,725	15,265,275
Streets and Drainage	5/7/2016	23,890,000	-	5,857,725	18,032,275
Parks	5/7/2016	27,000,000	-	-	27,000,000
Public Art Projects	5/7/2016	1,770,000	-	-	1,770,000
Public Safety	5/7/2016	24,445,000	-	5,207,550	19,237,450
		$ 107,650,000	$ 12,500,000	$ 11,845,000	$ 83,305,000

Water and Sewer Revenue Bonds

The City is required by the applicable revenue bond indentures to pledge the net revenues of the Water and Sewer Enterprise Fund for the retirement of its outstanding revenue bonds, including interest thereon, and is required to maintain debt service funds and bond reserve funds for all such bonds outstanding.

Funds aggregating $195,485 at September 30, 2017 are restricted within the Water and Sewer Enterprise Fund for servicing of the debt. The respective bond indentures require the City to make equal monthly payments to the restricted accounts to accumulate the annual principal and interest requirements as they become due.

Water and Sewer Revenue Bonds and Refunding Bonds are payable solely from and, equally secured by, a first lien on and pledge of the net revenue of the City's combined waterworks and sanitary sewer systems.

The ordinances authorizing the Revenue Bonds stipulate that the City will deposit, in addition to principal and interest requirements, certain amounts in a reserve fund. Amounts in the reserve fund are to be used to pay principal and interest on outstanding bonds at any time sufficient funds are not available in the bond interest and redemption fund. The bond indentures require that the City accumulate reserves to an amount equal to the average annual principal and interest requirements of all outstanding bonds secured by the net revenues of the system. Such reserves are funded up to the required level in equal monthly installments over a maximum five-year period, as defined in the indentures. Amounts in the reserve fund at September 30, 2017 of $1,282,710 are adequate to meet the reserve requirements.

NOTE 5. LONG-TERM DEBT – CONTINUED

Annual Requirements to Retire Debt Obligations – Continued

Water and Sewer Revenue Bonds – Continued

At September 30, 2017, restricted assets, which include Water and Sewer Revenue Bond Debt Service and Reserve Funds, were as follows:

Revenue bond reserve fund	$ 889,312
Revenue bond debt service	393,398
	$ 1,282,710

Net position reserved for Water and Sewer revenue bond retirement is detailed as follows:

Restricted assets, revenue bond debt	
Service and reserve funds	$ 1,282,710
Accrued interest, payable from restricted assets	(47,225)
Current maturities of revenue bonds, payable from restricted assets	(1,040,000)
Reserved for revenue bond principal and interest	$ 195,485

The City is in compliance with the various requirements of the bond ordinances.

Capital Leases

The City has acquired office equipment, a building, and land under various leases accounted for as capital leases. As of September 30, 2017, the capitalized costs of the governmental leased property and business-type leased property under capital leases were $1,700,000 and $649,385, respectively.

The terms of the leases range from 3 - 5 years and call for monthly and annual payments over the life of the leases. The future minimum lease payments under the capitalized leases and the net present value of the future minimum lease payments at September 30, 2017 are as follows:

Fiscal Year Ending	Governmental Activities		Business-type Activities		
September 30	Principal	Total	Principal	Interest	Total
2018	$ 450,000	$ 450,000	$ 93,168	$ 2,145	$ 95,313
2019	800,000	800,000	16,288	561	16,849
2020	-	-	7,023	78	7,101
Total	$ 1,250,000	$ 1,250,000	$ 116,479	$ 2,784	$ 119,263

NOTE 5. LONG-TERM DEBT – CONTINUED

Annual Requirements to Retire Debt Obligations – Continued

Operating Leases

The City leases machinery and equipment under non-cancelable operating leases. Total costs for such leases were $549,375 for the fiscal year ended September 30, 2017. Future minimum lease payments, by year and in the aggregate, under the non-cancelable lease commitments are as follows:

Fiscal Year Ending September 30	Amount
2018	$ 519,319
2019	381,438
2020	240,526
2021	53,168
Total	$ 1,194,451

NOTE 6. INTERFUND TRANSFERS

All interfund transfers between the various funds are approved supplements to the operations of those funds. Individual fund operating transfers for fiscal year 2017 were as follows:

Fund	Transfers In	Transfers Out
Major Governmental Funds:		
General Fund	$ 4,616,064	$ 5,819,630
General Capital Projects	3,700,000	300,359
General Obligation Bonds	-	176,000
Total Major Governmental Funds	8,316,064	6,295,989
Nonmajor Governmental Funds:		
Grants and Special Revenue	1,489,795	-
Total Nonmajor Governmental Funds	1,489,795	-
Major Enterprise Funds		
Water and Sewer Fund	40,175	4,188,211
Solid Waste Fund	-	541,034
Drainage Utility Fund	-	323,819
Golf Course Fund	402,000	-
Total Major Enterprise Funds	442,175	5,053,064
Internal Service Funds:		
Replacement Fund	220,000	201,443
Facility Maintenance Fund	600,000	-
Risk Management Fund	482,462	-
Total Internal Service Funds	1,302,462	201,443
Total Transfers	$ 11,550,496	$ 11,550,496

NOTE 6. INTERFUND TRANSFERS – CONTINUED

Transfers are used to 1) move amounts from funds receiving administrative and operating support to the appropriate fund incurring the administrative and operating costs and 2) to move unrestricted funds to finance various programs that the City must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs and to support cash financing of capital projects.

The fund financial statements show:

- Governmental funds: Total transfers in of $9,805,859 include funding for capital projects, grant matching funds, and reimbursement for operating and administrative costs incurred to provide technology, procurement, human resources, building maintenance, financial and administrative support. Transfers out totaling $6,295,989 include cash financing of capital projects, operational support of the Golf Course, support of programs recorded in non-major governmental funds and internal service funds.

- Proprietary funds: Total enterprise funds transfers in of $442,175 mainly represent amounts transferred into the Golf Course to support operations. The total transfer out of $5,053,064 represents the amount provided by other funds for technology, procurement, human resources, building maintenance, financial and administrative support. The internal service funds total transfer in of $1,302,462 represents the amounts needed for repairs of aging facility infrastructure, and administrative support while the total transfer out of $201,443 represents the amounts needed in the special revenue fund to replace technology.

NOTE 7. RETIREMENT PLAN

Plan Description

The City participates as one of 866 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

All eligible employees of the city are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven actuarially equivalent payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are 200% of the employee's accumulated contributions.

NOTE 7. RETIREMENT PLAN – CONTINUED

Beginning in 1993, the City granted an annually repeating (automatic) basis a monetary credit referred to as an updated service credit (USC) which is a theoretical amount which takes into account salary increases or plan improvements. If at any time during their career an employee earns a USC, this amount remains in their account earning interest at 5% until retirement. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer match plus employer-financed monetary credits, such as USC, with interest were used to purchase an annuity. Additionally, initiated in 1993, the City provided on an annually repeating (automatic) basis cost of living adjustments (COLA) for retirees equal to a percentage of the change in the consumer price index (CPI).

A summary of plan provisions for the City are as follows:

Employee deposit rate	7%
Matching ratio (City to employee)	2 to 1
Years required for vesting	5
Service retirement eligibility	20 years at any age, 5 years at age 60 and above
Updated Service Credit	100% Repeating
Annuity Increase to retirees	70% of CPI Repeating

The City also participates in Social Security.

Employees covered by benefit terms:

At the December 31, 2016 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	184
Inactive employees entitled to, but not yet receiving benefits	393
Active employees	718
Total	1,295

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the consulting actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 13.71% and 13.94% in calendar years 2016 and 2017, respectively. The City's contributions to TMRS for the year ended September 30, 2017 were $6,545,488, and were in excess of the required contribution.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2016, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

NOTE 7. RETIREMENT PLAN – CONTINUED

Actuarial assumptions:

The Total Pension Liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.0% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3 year set-forward for both males and females. In addition a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2016, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation. After the Asset Allocation Study analysis and experience investigation study, the Board amended the long-term expected rate of return on pension plan investments from 7% to 6.75%. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). At its meeting on July 30, 2015, the TMRS Board approved a new portfolio target allocation. The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.35%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	4.15%
Real Return	10.0%	4.15%
Real Estate	10.0%	4.75%
Absolute Return	10.0%	4.00%
Private Equity	5.0%	7.75%
Total	100.0%	

NOTE 7. RETIREMENT PLAN – CONTINUED

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2015	$ 163,489,526	$ 133,669,673	$ 29,819,853
Changes for the year:			
Service cost	7,740,829	-	7,740,829
Interest	11,165,087	-	11,165,087
Change of benefit terms	-	-	-
Difference between expected and actual experience	894,580	-	894,580
Changes of assumptions	-	-	-
Contributions - employer	-	6,473,617	(6,473,617)
Contributions - employee	-	3,129,050	(3,129,050)
Net investment income	-	9,039,319	(9,039,319)
Benefit payments, including refunds of employee contributions	(3,902,489)	(3,902,489)	-
Administrative expense	-	(102,024)	102,024
Other changes	-	(5,497)	5,497
Net changes	15,898,007	14,631,976	1,266,031
Balance at 12/31/2016	$ 179,387,533	$ 148,301,649	$ 31,085,884

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	$ 61,058,424	$ 31,085,884	$ 6,917,798

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

NOTE 7. RETIREMENT PLAN – CONTINUED

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2017, the City recognized pension expense of $8,326,975.

At September 30, 2017, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 858,908	$ (892,932)
Changes in actuarial assumptions	-	(150,422)
Difference between projected and actual investment earnings	5,833,747	-
Contributions subsequent to the measurement date	5,027,373	-
Total	$ 11,720,028	$ (1,043,354)

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of $5,027,373 will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2017 (i.e. recognized in the city's financial statements September 30, 2018). Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement year ended December 31:	
2017	$ 1,901,907
2018	1,901,907
2019	1,610,350
2020	155,292
2021	79,845
Total	$ 5,649,301

NOTE 8. WATER AND SEWER CONTRACTS

In 1972, the City entered into a forty-year contract with the North Texas Municipal Water District (District) for the purchase of water. Under the terms of this contract, the City is obligated to make a minimum annual payment (adjusted annually) in return for a minimum volume of gallons of water per year. During 1998, the City was annexed into the North Texas Municipal Water District, which guaranteed the City a minimum volume of water. During the year ended September 30, 2017, the cost of water purchased under this contract was $15,208,356.

In 1978, the City entered into a contract with the District for the transportation, treatment and disposal of sanitary sewage and other waste. The contract will continue in force at least until all bonds issued by the District pursuant to the contract have been paid in full and will remain in force thereafter throughout the useful life of the District's sanitary sewer system. The contract requires the City to pay varying amounts based on the costs associated with sewage transported and/or treated and disposed of. The cost includes the City's proportionate share of the District's operating and maintenance expenses and related debt service costs. During fiscal year 2017, the cost for transportation, treatment and disposal of sewage and other wastes was $8,588,065.

NOTE 9. DEFERRED COMPENSATION PLAN

As a result of legislative changes, all amounts of compensation deferred, all property and rights purchased, and all income, property or rights are (until paid or made available to the employee or other beneficiary) held in trust for the exclusive benefit of the participants and their beneficiaries, whereas, prior to these legislative changes, these amounts were solely the property and rights of the City subject only to the claims of the City's general creditors. As a result at September 30, 2017, the deferred compensation investments are not reported in the City's financial statements.

NOTE 10. RISK MANAGEMENT

Health and Dental Insurance

The City provides health and dental insurance benefits to City employees under a modified self-insurance plan. Under the plan, the City and the employee pay a portion of a predetermined monthly premium, which is based on the estimated claims cost for the plan and the extent of medical coverage selected by the employee. To cover annual costs, premium payments are reported as operating revenues of the Risk Management Fund and operating expenditures/expenses of the participating funds.

A commercial insurance carrier is utilized to adjudicate and pay medical claims on behalf of the City. The City's medical claims liability is limited by a stop loss insurance policy covering an individual's medical claims in excess of $125,000 per plan year. Aggregate stop loss coverage of $2,000,000 per plan year provides protection to limit claim liability for the plan as a whole. The liabilities for insurance claims reported are based on GASB No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

NOTE 10. RISK MANAGEMENT – CONTINUED

Health and Dental Insurance – Continued

These liabilities include an estimate for incurred but not reported claims. The estimated amount at September 30, 2017 was $1,160,834. Changes in the Risk Management liability during the past five fiscal years were as follows:

Year Ending September 30,	Balance at Beginning of Fiscal Year	Current Year Claims and Changes in Estimates	Claim Payments	Balance at End of Fiscal Year
2013	831,982	5,691,732	5,711,304	812,410
2014	812,410	7,054,662	6,931,808	935,264
2015	935,264	7,393,719	7,345,549	983,434
2016	983,434	8,076,640	7,986,738	1,073,336
2017	1,073,336	8,599,895	8,512,397	1,160,834

Workers Compensation, Property and Liability Insurance

The City participates in the Texas Municipal League Intergovernmental Risk Pool (TMLIRP) for workers' compensation claims, liability (general, automobile, law enforcement, and errors/omissions), and property insurance. The cost is based on the pool's claims cost, which is adjusted to reflect the City's individual claims experience. As claims arise they are submitted to and paid by TMLIRP. To cover annual costs, premium payments are reported as operating revenues of the Risk Management Fund and operating expenditures/expenses of the participating funds.

The City has a workers' compensation deductible of $25,000 per occurrence, with an annual aggregate deductible of $282,222. During 2017, the City contributed $494,899 to the Risk Management Fund for workers' compensation.

The City has various levels of insurance deductibles for property, liability, and automobile insurance with the maximum deductible set at $10,000. All insured claims are paid by TMLIRP, less the appropriate deductible. During 2017, the City contributed $651,171 for property and general liability.

NOTE 11. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Program Description

In addition to the pension benefits described in Note 7, as required by state law the City makes health care benefits available to all retired employees through a single-employer defined benefit medical plan. Retirees must make a one-time irrevocable decision to continue benefits at the time of retirement, after that their eligibility for this benefit ends. The retiree benefit consists of medical, dental and vision care until age 65.

Due to the significant increase in retiree premium costs, the City elected to create a separate plan for retirees effective January 1, 2013. Employees who retired on or before December 31, 2012, were "grandfathered" and allowed to pay blended medical premium rates the same as COBRA participants which are the total cost of premiums (no City subsidy) plus 2% administration fees. They will also be subject to the same rate increases as COBRA participants. Retirees retiring on or after January 1, 2013, can elect health care coverage but will be required to pay the (higher) unblended rate.

NOTE 11. OTHER POSTEMPLOYMENT BENEFITS (OPEB) – CONTINUED

Program Description – Continued

Current OPEB benefits are made on a pay-as-you-go basis from the Risk Management Fund. In 2017, retirees paid $97,887 in the form of premiums and incurred $192,288 in expenses.

Funding Policy

In October 2016, an actuarial study update was completed. This study estimated the actuarial accrued liability increased from $970,603 to $973,603 and that the annual required contribution (ARC) decreased to ($46,432). Employees retiring on or after January 1, 2013 can elect health care coverage but will be required to pay a higher, unblended rate. In March 2011, the City established a Section 115 Trust (the Trust) to comply with the requirements of Governmental Accounting Standards Board Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions (OPEB), for the purpose of funding and providing certain benefits to its eligible retirees and dependents. The single-employer defined benefit plan is created by City ordinance and appoints the City Manager as Plan Administrator for the program. The trust was established with Public Agency Retirement Services Company (PARS). Prior to establishment of the trust, the ARC was contributed to the Risk Management Fund where all medical costs are incurred. Net position of $3,892,752 available in the Risk Management Fund exceeds the $973,603 actuarial accrued liability, therefore, OPEB costs will continue to be covered by the Risk Management Fund until the funded ratio of the trust is more positive. The City has budgeted for annual actuarial study updates to determine if funding requirements need to be changed.

Annual OPEB costs and Net OPEB Obligation

The City's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the City (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing costs between the employer and plan members to that point.

Annual required contribution (ARC)	$	(46,432)
Interest on net OPEB obligation		(28,634)
Adjustment to the ARC		37,254
Annual OPEB cost		(37,812)
Contributions made		(113,254)
Increase in OPEB obligation (asset)		(151,066)
Net OPEB obligation (asset), beginning of the year		(572,683)
Net OPEB obligation (asset), end of the year	$	(723,749)

The components of the net liability of the City as of September 30, 2017, were as follows:

Total OPEB Liability	$	973,603
Plan fiduciary net position		1,687,383
City's net OPEB liability	$	(713,780)
Plan fiduciary net position as a percentage of the total OPEB liability		173.31%

NOTE 11. OTHER POSTEMPLOYMENT BENEFITS (OPEB) – CONTINUED

Annual OPEB costs and NET OPEB Obligation – Continued

Three-Year Trend Information:

Fiscal Year	Annual OPEB Cost	Actual Contribution Made	Percentage of OPEB Contributed	Net OPEB Asset
2015	$ (23,949)	$ 217,540	908%	$ (356,773)
2016	$ (20,314)	$ 195,596	963%	$ (572,683)
2017	$ (37,812)	$ 113,254	300%	$ (723,749)

Actuarial valuations for the OPEB plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations of the OPEB plan reflect a long-term perspective.

Significant methods and assumptions used for this were:

Investment return	8.99%
Discount Rate	5.00%
Amortization Method/Period	level dollar, open, 30 years
Health Care Cost Trend Rate	Avg. 6.15% Yrs. 1-10, 71.6% Yrs. 11-20, 51.4%
Retirement Rates	Ages 50-55-2%, 56-60-5%, 60-64-15%, 65+ 100%
Retiree/Spouse Participation Rate	20%/20%
Mortality	RP 2014h
Actuarial Value of Assets	Market value on valuation date
Actuarial Cost Method	Entry age normal
Inflation Rate	2.5%

Schedule of Funding Information

Actuarial valuation date	10/1/16
Actuarial value of assets	$1,687,383
Actuarial Accrued Liability (AAL)	$973,603
Funded Ratio	173.31%
Unfunded Actuarial Accrued Liability (UAAL)	($713,780)
Annual covered payroll	$39,664,039
UAAL as % of covered payroll	(1.8%)

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets held in an irrevocable trust is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Sensitivity of the Net OPEB Obligation to changes in the discount rate or healthcare trend

Impact of a 1% change in the discount rate or healthcare trend assumption:

	Discount Rate		
Trend Assumption	4.00%	5.00%	6.00%
Trend -1%		$968,054	
Baseline	$979,247	$973,603	$968,054
Trend +1%		$979,247	

NOTE 11. OTHER POSTEMPLOYMENT BENEFITS (OPEB) – CONTINUED

Annual OPEB costs and NET OPEB Obligation – Continued

Supplemental Death Benefits Plan:

Program Description

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). Retired employees are insured for $7,500 and this coverage is reported as an "other postemployment benefit" or (OPEB).

Contributions and Funding Policy

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employee's entire careers.

The City's contributions to the TMRS SDBF for retiree's for the years ended 2017, 2016, and 2015 were $64,347, $60,990, and $56,423, respectively, which equals the required contributions (ARC) each year.

NOTE 12. TAX ABATEMENTS AND ECONOMIC INCENTIVES

The City enters into economic development agreements designed to promote development and redevelopment within the City, spur economic improvement, stimulate commercial activity, generate additional sales tax and enhance the property tax base and economic vitality of the City. These programs abate or rebate property taxes and sales tax, and also include incentive payments and rebates of fees that are not tied to taxes. The City's economic development agreements are authorized under Chapter 380 of the Texas Local Government Code and Chapter 311 (Tax Increment Financing Act) and 312 (Property Redevelopment and Tax Abatement Act) of the Texas Tax Code. Recipients may be eligible to receive economic assistance based on the employment impact, economic impact or community impact of the project requesting assistance. Recipients receiving assistance generally commit to building or remodeling real property and related infrastructure, demolishing and redeveloping outdated properties, expanding operations, renewing facility leases, or bringing targeted businesses to the City. Agreements generally contain recapture provisions which may require repayment or termination if recipients do not meet the required provisions of the economic incentives.

The City has three categories of economic development agreements:

Tax Abatements Tax Abatements under Chapter 312 of the Texas Tax Code allow the City to designate tax reinvestment zones and negotiate tax abatement agreements with applicants. These abatement agreements authorize the appraisal districts to reduce the assessed value of the taxpayer's property by a percentage specified in the agreement, and the taxpayer will pay taxes on the lower assessed value during the term of the agreement. Property taxes abated under this program were $64,807 in fiscal year 2017.

NOTE 12. TAX ABATEMENTS AND ECONOMIC INCENTIVES – CONTINUED

General Economic Development The City, Allen Economic Development Corporation, and Allen Community Development Corporation enter into various agreements under Chapter 380 of the Texas Local Government Code to stimulate economic development. Agreements may rebate a flat amount or percentage of property taxes or sales tax received, may result in fee reductions or rebates, or make lump sum payments to offset moving expenses, tenant finish-outs, demolition costs, infrastructure reimbursements, redevelopment costs or other expenses. For fiscal year 2017, the City rebated $3,866,529 in taxes and rebated fees of $352,640 under these agreements. Additionally, for fiscal year 2017, the Allen Economic Development Corporation rebated taxes in the amount of $192,034 and made incentive payments of $10,369,734 while the Allen Community Development Corporation rebated taxes in the amount of $192,034 and made incentive payments of $296,390. In fiscal year 2017, the Allen Economic Development Corporation sold two tracts of land to developers.

Tax Increment Financing The City has adopted two Tax Increment Financing zones (TIFs) under Chapter 311 of the Texas Tax Code. The City enters into economic development and infrastructure reimbursement agreements which earmark TIF revenues for payment to developers and represent obligations over the life of the TIF or until all terms of the agreements have been met. Additionally, the City may enter into general economic development agreements under Chapter 380 of the Texas Local Government Code which are funded with TIF resources. The City made $793,621 in payments for TIF obligations in fiscal year 2017.

NOTE 13. COMMITMENTS AND CONTINGENT LIABILITIES

Federal Grants The City participates in a number of State and Federal assisted grant programs. Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the Federal Government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

Litigation The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the City.

Economic Development Grant The City has several economic development agreements whereby it has agreed to pay a grant(s) to a developer and/or business in return for the design, construction, operating and/or managing of the business within the City of Allen. All grants are performance based and do not constitute a liability on the City's financial records.

NOTE 14. RESTATEMENT OF BEGINNING NET POSITION AND FUND BALANCE

In 2017, the City restated the beginning net position of the governmental and business-type activities as well as component units; the beginning net position of the Drainage, Solid Waste, and Community Development Corporation Funds; and the beginning fund balance of the General Fund. Acquisition of component unit and Community Development Corporation capital assets had previously been applied to governmental activities in error. Reclassifying the capital assets acquired by the Community Development Corporation as capital assets within that fund and the component units rather than governmental activities resulted in an increase in the beginning net position of the component units and Community Development Corporation of $52,621,830 and a corresponding decrease in the same amount to governmental activities net position. Additionally, services billed by the Solid Waste and Drainage Funds after October 1st that were for billing periods that occurred in the prior fiscal year were not previously accrued and recognized as revenue and accounts receivable. The correction of this error resulted in a $556,638 and $152,791 increase in the beginning net position of the Solid Waste and Drainage Funds, respectively and a $709,429 increase in the beginning net position of business-type activities. Finally, in prior years the City had recognized cash collected related to charges for services not yet performed as revenue. The correction of this error resulted in a decrease in beginning net position of governmental activities and beginning fund balance of the General Fund in the amount of $279,048.

The governmental and business-type activities as well as component unit net position has been restated on the government-wide financial statements as follows:

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	COMPONENT UNITS
Net position, October 1, 2016, as previously stated	$ 464,488,906	$ 139,274,235	$ (7,460,945)
Capital asset reclassification	(52,621,830)	-	52,621,830
To correct revenue recognition error	(279,048)	-	-
To correct revenue accrual error	-	709,429	-
Net position, October 1, 2016, as restated	$ 411,588,028	$ 139,983,664	$ 45,160,885

The Solid Waste, Drainage and Community Development Corporation Funds net position has been restated on the fund financial statements as follows:

	SOLID WASTE FUND	DRAINAGE FUND	COMMUNITY DEVELOPMENT CORPORATION
Net position, October 1, 2016, as previously stated	$ 2,982,411	$ 1,049,362	$ (19,289,506)
Capital asset reclassification	-	-	52,621,830
To correct revenue accrual error	556,638	152,791	-
Net position, October 1, 2016, as restated	$ 3,539,049	$ 1,202,153	$ 33,332,324

The fund balance of the General Fund has been restated on the fund financial statements as follows:

	GENERAL FUND
Fund Balance, October 1, 2016, as previously stated	$ 22,101,028
To correct revenue recognition error	(279,048)
Fund Balance, October 1, 2016, as restated	$ 21,821,980

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ALLEN

CITY OF ALLEN, TEXAS **EXHIBIT A-1**
SCHEDULE OF OPEB FUNDING PROGRESS AND CONTRIBUTIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

Required Supplementary Information
Schedule of Other Postemployment Benefits
Funding Progress and Contributions
Last Three Valuation Years (unaudited)

Actuarial Valuation Date	Fiscal Year	Value of Assets	AAL*	UAAL**	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
10/1/2014	2015	1,365,426	970,603	(394,823)	140.7%	40,214,969	-1.0%
10/1/2014	2016	1,365,426	970,603	(394,823)	140.7%	41,371,001	-1.0%
10/1/2016	2017	1,687,383	973,603	(713,780)	173.3%	39,664,039	-1.8%

*Actuarial Accrued Liability
**Unfunded Actuarial Accrued Liability

CITY OF ALLEN, TEXAS **EXHIBIT A-2**

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - TMRS

FOR THE MEASUREMENT YEAR ENDED DECEMBER 31, 2016

	2014*	2015*	2016*
Total pension liability			
Service cost	$ 6,407,942	$ 7,377,440	$ 7,740,829
Interest (on the total pension liability)	9,749,386	10,562,818	11,165,087
Changes in benefit terms	-	-	-
Difference in expected and actual experience	(1,791,341)	196,259	894,580
Change in assumptions	-	(231,950)	-
Benefit payments, including refunds of employee contributions	(3,213,118)	(3,247,435)	(3,902,489)
Net change in total pension liability	11,152,869	14,657,132	15,898,007
Total pension liability, beginning of year	137,679,525	148,832,394	163,489,526
Total pension liability, ending of year	$ 148,832,394	$ 163,489,526	$ 179,387,533
Plan fiduciary net position			
Contributions -employer	$ 5,455,902	$ 6,063,051	$ 6,473,617
Contributions -employee	2,754,779	3,021,766	3,129,050
Net investment income	6,648,346	188,559	9,039,319
Benefit payments, including refunds of employee contributions	(3,213,118)	(3,247,435)	(3,902,489)
Administrative expense	(69,397)	(114,830)	(102,024)
Other	(5,706)	(5,671)	(5,497)
Net change in plan fiduciary net position	11,570,806	5,905,440	14,631,976
Plan fiduciary net position - beginning	116,193,427	127,764,233	133,669,673
Plan fiduciary net position - ending	$ 127,764,233	$ 133,669,673	$ 148,301,649
Net pension liability - ending	$ 21,068,161	$ 29,819,853	$ 31,085,884
Plan fiduciary net position as a % of total pension liability	85.84%	81.76%	82.67%
Covered employee payroll	$ 39,335,988	$ 43,142,910	$ 44,410,952
Net pension liability as a % of covered employee payroll	53.56%	69.12%	70.00%

* The schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CITY OF ALLEN, TEXAS **EXHIBIT A-3**
SCHEDULE OF CONTRIBUTIONS - TMRS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	2015*	2016*	2017*
Actuarially determined contributions	$ 5,785,220	$ 6,028,939	$ 6,217,858
Actual contributions	(5,797,651)	(6,181,797)	(6,545,488)
Contributions deficiency (excess)	$ (12,431)	$ (152,858)	$ (327,630)
City covered employee payroll	$40,985,314	$43,564,466	$45,962,313
Ratio of actual contributions to covered payroll amount	14.15%	14.19%	14.24%

* The schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Notes to Schedule

Valuation Date

Actuarial determined contribution rates are calculated as of December 31st each year and become effective in January, 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	29 years
Asset Valuation Method	10 year smoothed market; 15% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 10.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 - 2014
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB

There were no benefit changes during the year.

CITY OF ALLEN, TEXAS **EXHIBIT A-4**
GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET - POSITIVE
	ORIGINAL	FINAL	ACTUAL	(NEGATIVE)
REVENUES				
Ad valorem taxes, penalties and interest	$ 44,137,050	$ 44,243,895	$ 44,250,012	$ 6,117
Municipal sales tax	19,130,032	19,420,971	18,990,970	(430,001)
Franchise taxes	7,221,523	7,116,697	7,350,059	233,362
Licenses, permits and fees	2,698,645	3,480,600	3,605,214	124,614
Charge for services	12,309,661	12,448,639	10,932,890	(1,515,749)
Fines	1,774,749	1,594,749	1,694,998	100,249
Gifts and contributions	771,552	789,652	712,437	(77,215)
Intergovernmental	111,826	111,826	126,008	14,182
Investment earnings	194,400	253,000	270,522	17,522
Miscellaneous	1,598,670	1,659,350	1,659,790	440
Total revenues	89,948,108	91,119,379	89,592,900	(1,526,479)
EXPENDITURES				
Current:				
General government	26,324,114	28,782,368	24,801,363	(3,981,005)
Public safety	35,019,165	34,760,430	34,793,934	33,504
Public works	4,005,372	3,905,992	3,592,912	(313,080)
Culture and recreation	24,662,617	24,979,046	22,140,763	(2,838,283)
Community development	2,672,674	2,744,970	2,530,910	(214,060)
Capital Outlay	447,662	587,662	496,502	(91,160)
Total expenditures	93,131,604	95,760,468	88,356,384	(7,404,084)
Excess (deficiency) of revenues over (under) expenditures	(3,183,496)	(4,641,089)	1,236,516	5,877,605
OTHER FINANCING SOURCES (USES)				
Transfers in	4,586,821	4,616,064	4,616,064	-
Transfers out	(2,341,770)	(2,319,630)	(5,819,630)	(3,500,000)
Sale of capital assets	15,000	11,965	14,866	2,901
Total other financing sources (uses)	2,260,051	2,308,399	(1,188,700)	(3,497,099)
NET CHANGE IN FUND BALANCE	(923,445)	(2,332,690)	47,816	2,380,506
FUND BALANCES, BEGINNING OF YEAR AS RESTATED	21,821,980	21,821,980	21,821,980	-
FUND BALANCES, END OF YEAR	$ 20,898,535	$ 19,489,290	$ 21,869,796	$ 2,380,506

BUDGETARY INFORMATION

The City Council adheres to the following procedures in establishing the budgets reflected in the financial statements:

1. Each year the City Manager is required to submit to the City Council a proposed budget for the fiscal year beginning on the following October 1. The operating budget includes proposed expenditures and the means of financing them.

2. Public hearings are conducted to obtain taxpayers' comments.

3. Prior to October 1, the budget is legally enacted by the City Council through passage of an ordinance.

4. Annual budgets are legally adopted for the General Fund and Debt Service Fund on a basis consistent with accounting principles generally accepted in the United States of America. Formal budgetary integration is not employed for proprietary funds. However, the City does adopt an annual budget for those funds for managerial control.

5. The City Manager is authorized to adjust budgeted amounts; however, such revisions may not result in total expenditures (appropriations) in excess of budgeted expenditures without approval of the City Council. Therefore, the legal level of budgetary control is the combined total budgeted expenditures for all fund types.

6. Formal budgetary integration is not employed for Special Revenue Funds, Proprietary Funds or Capital Projects Funds. However, the City does adopt an annual budget for those funds for managerial control.

7. Budgetary data for the Special Revenue Funds and Capital Projects Funds has not been presented in the accompanying basic financial statements as such funds are budgeted over the life of the respective grant or project and not on an annual basis. Budgetary information for the Proprietary Funds has not been presented since reporting on such budgets is not legally required.

The Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual — General Fund presents a comparison of budgetary data to actual results. The General Fund utilizes the same basis of accounting for both budgetary purposes and actual results.

CITY OF ALLEN

COMBINING AND BUDGETARY COMPARISON SCHEDULES

CITY OF ALLEN

MAJOR GOVERNMENTAL FUNDS

DEBT SERVICE FUND

The Debt Service Fund is used to account for the accumulation of resources for and the payment of general obligation bonds, certificate of obligation bonds, and interest from governmental resources.

CITY OF ALLEN, TEXAS **EXHIBIT B-1**
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Ad valorem taxes	$ 13,783,108	$ 13,827,543	$ 13,819,888	$ (7,655)
Investment earnings	43,800	65,000	91,656	26,656
Total revenues	13,826,908	13,892,543	13,911,544	19,001
EXPENDITURES				
Principal retirement	10,448,930	10,448,930	10,445,000	(3,930)
Interest and fiscal charges	3,484,335	3,484,335	3,378,943	(105,392)
Total expenditures	13,933,265	13,933,265	13,823,943	(109,322)
NET CHANGE IN FUND BALANCES	(106,357)	(40,722)	87,601	128,323
FUND BALANCE, BEGINNING OF YEAR	1,254,401	1,254,401	1,254,401	-
FUND BALANCE, END OF YEAR	$ 1,148,044	$ 1,213,679	$ 1,342,002	$ 128,323

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Hotel Occupancy Tax Fund – To account for funds received from hotel occupancy tax and expend as allowed by state law.

Asset Forfeiture Fund –- To account for activities associated with assets legally seized and forfeited.

Grants Fund – To account for monies received from other governmental agencies that have restricted legal requirements and multi-year budgets.

Special Revenue Fund – To account for monies that have external legal restrictions associated with their use.

Park Dedication Fund – To account for funds received and expended for the acquisition of additional park land and for the development of neighborhood parks.

Tax Increment Financing Fund – To account for the tracking of property tax and sales tax revenue and associated expenses for the City's Tax Increment Financing agreements.

CITY OF ALLEN, TEXAS **EXHIBIT B-2**
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017

	SPECIAL REVENUE						
	HOTEL OCCUPANCY TAX	ASSET FORFEITURE	GRANTS	SPECIAL REVENUE	PARK DEDICATION	TAX INCREMENT FINANCING	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
ASSETS							
Cash and cash equivalents	$ 1,349,659	$ 68,740	$ 165,215	$ 131,141	$ 755,580	$ 789,372	$ 3,259,707
Investments	3,440,517	141,031	1,611	979,409	1,342,042	1,985,627	7,890,237
Accounts receivable	130,584	-	158,451	47,938	-	89,250	426,223
Accrued interest	8,574	476	227	2,456	3,742	4,806	20,281
TOTAL ASSETS	$ 4,929,334	$ 210,247	$ 325,504	$ 1,160,944	$ 2,101,364	$ 2,869,055	$ 11,596,448
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
LIABILITIES							
Accounts payable	$ 13,267	$ -	$ 34,627	$ 13,438	$ 5,784	$ -	$ 67,116
Accrued liabilities	11,163	41,905	903	4,701	-	-	58,672
Retainage payable	-	-	10,000	-	5,750	-	15,750
TOTAL LIABILITIES	24,430	41,905	45,530	18,139	11,534	-	141,538
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - interest	3,966	220	105	1,136	1,731	2,223	9,381
Unavailable revenue - grants			5,041	-	-		5,041
TOTAL DEFERRED INFLOWS OF RESOURCES	3,966	220	5,146	1,136	1,731	2,223	14,422
FUND BALANCES							
Restricted							
Tourism	4,900,938	-	-	-	-	-	4,900,938
Asset forfeiture	-	168,122	-	-	-	-	168,122
State and federal grants	-	-	274,828	-	-	-	274,828
Park acquisition and development	-	-	-	-	2,088,099	-	2,088,099
Tax increment financing agreement	-	-	-	-	-	2,866,832	2,866,832
Court technology	-	-	-	111,764	-	-	111,764
Juvenile case manager	-	-	-	12,827	-	-	12,827
PEG fees	-	-	-	937,665	-	-	937,665
Radio system	-	-	-	48,946	-	-	48,946
Photo red light enforcement	-	-	-	26,006	-	-	26,006
Court security	-	-	-	4,461	-	-	4,461
TOTAL FUND BALANCES	4,900,938	168,122	274,828	1,141,669	2,088,099	2,866,832	11,440,488
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 4,929,334	$ 210,247	$ 325,504	$ 1,160,944	$ 2,101,364	$ 2,869,055	$ 11,596,448

CITY OF ALLEN **EXHIBIT B-3**

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	SPECIAL REVENUE						
	HOTEL OCCUPANCY TAX	ASSET FORFEITURE	GRANTS	SPECIAL REVENUE	PARK DEDICATION	TAX INCREMENT FINANCING	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
REVENUES							
Ad valorem taxes, penalties and interest	$ -	$ -	$ -	$ -	$ -	$ 806,036	$ 806,036
Franchise taxes	-	-	-	202,954	-	-	202,954
Municipal sales tax	-	-	-	-	-	459,118	459,118
Licenses, permits, and fees	-	-	-	-	845,425	-	845,425
Fines	-	-	-	156,737	-	-	156,737
Hotel / motel taxes	1,547,244	-	-	-	-	-	1,547,244
Intergovernmental	-	-	899,219	-	-	127,912	1,027,131
Investment earnings	30,879	1,771	1,288	8,974	11,184	17,660	71,756
Miscellaneous	-	185,109	-	-	-	-	185,109
Total revenues	1,578,123	186,880	900,507	368,665	856,609	1,410,726	5,301,510
EXPENDITURES							
General government	-	-	30,001	341,203	-	823,622	1,194,826
Public safety	-	133,410	297,906	-	-	-	431,316
Culture and recreation	1,036,725	-	50,315	-	194,194	-	1,281,234
Community development	-	-	420,954	-	-	-	420,954
Capital outlay	-	-	200,000	251,187	155,949	-	607,136
Total expenditures	1,036,725	133,410	999,176	592,390	350,143	823,622	3,935,466
Excess (deficiency) of revenues over (under) expenditures	541,398	53,470	(98,669)	(223,725)	506,466	587,104	1,366,044
OTHER FINANCING SOURCES							
Transfers in	-	-	124,401	1,365,394	-	-	1,489,795
Sale of capital assets	-	29,031	-	-	-	-	29,031
Total other financing sources	-	29,031	124,401	1,365,394	-	-	1,518,826
NET CHANGE IN FUND BALANCES	541,398	82,501	25,732	1,141,669	506,466	587,104	2,884,870
FUND BALANCES, BEGINNING OF YEAR	4,359,540	85,621	249,096	-	1,581,633	2,279,728	8,555,618
FUND BALANCES, END OF YEAR	$ 4,900,938	$ 168,122	$ 274,828	$ 1,141,669	$ 2,088,099	$ 2,866,832	$ 11,440,488

CITY OF ALLEN

INTERNAL SERVICE FUNDS

The Internal Service Funds are used to account for financing of services provided by one department to other departments of the City on a cost-reimbursement basis.

Replacement Fund - accounts for the costs associated with the acquisition of vehicles, machinery, and equipment through the rental of such items to other departments.

Risk Management Fund – accounts for the costs associated with workers compensation, liability and property insurance and medical and dental programs established for City employees and their covered dependents.

Facility Maintenance Fund - The Facility Maintenance Fund accumulates resources to address large repairs and aging facility infrastructure. The accumulation of resources will help address major building repairs and prevent building deterioration.

CITY OF ALLEN, TEXAS **EXHIBIT C-1**
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2017

	REPLACEMENT FUND	RISK MANAGEMENT FUND	FACILITY MAINTENANCE FUND	TOTALS
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	$ 3,677,850	$ 1,327,220	$ 286,585	$ 5,291,655
Investments	7,526,496	3,640,751	725,898	11,893,145
Accounts receivable	-	7,056	-	7,056
Accrued interest receivable	18,784	8,755	1,942	29,481
Prepaid items	-	83,085	-	83,085
Total current assets	11,223,130	5,066,867	1,014,425	17,304,422
CAPITAL ASSETS				
Machinery and equipment	5,842,625	-	-	5,842,625
Vehicles	14,768,075	-	-	14,768,075
Construction in progress	-	-	-	-
Accumulated depreciation	(11,365,945)	-	-	(11,365,945)
Capital assets, net of accumulated depreciation	9,244,755	-	-	9,244,755
TOTAL ASSETS	20,467,885	5,066,867	1,014,425	26,549,177
LIABILITIES AND NET POSITION				
LIABILITIES				
Accounts payable	372,455	101,546	-	474,001
Accrued liabilities	-	447	-	447
Incurred but not reported claims	-	1,160,834	-	1,160,834
TOTAL LIABILITIES	372,455	1,262,827	-	1,635,282
NET POSITION				
Net investment in capital assets	9,244,755	-	-	9,244,755
Unrestricted	10,850,675	3,804,040	1,014,425	15,669,140
TOTAL NET POSITION	$ 20,095,430	$ 3,804,040	$ 1,014,425	$ 24,913,895

CITY OF ALLEN, TEXAS **EXHIBIT C-2**
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	REPLACEMENT FUND	RISK MANAGEMENT FUND	FACILITY MAINTENANCE FUND	TOTALS
OPERATING REVENUES				
Charges for services	$ 2,841,062	$ 10,811,615	$ -	$ 13,652,677
Other income	131,447	190,888	48,676.00	371,011
Total operating revenues	2,972,509	11,002,503	48,676	14,023,688
OPERATING EXPENSES				
Personal services	-	304,123	-	304,123
Contractual services	283,184	11,903,093	351,594	12,537,871
Maintenance	-	32	-	32
Supplies	39,177	-	-	39,177
Depreciation	1,996,894	-	-	1,996,894
Total operating expenses	2,319,255	12,207,248	351,594	14,878,097
OPERATING INCOME (LOSS)	653,254	(1,204,745)	(302,918)	(854,409)
NON-OPERATING REVENUES				
Investment earnings	76,694	37,769	8,943	123,406
Gain on disposal of capital assets	219,730	-	-	219,730
Total non-operating revenues	296,424	37,769	8,943	343,136
INCOME BEFORE TRANSFERS	949,678	(1,166,976)	(293,975)	(511,273)
TRANSFERS				
Transfers in	220,000	482,462	600,000	1,302,462
Transfers out	(201,443)	-	-	(201,443)
Total transfers	18,557	482,462	600,000	1,101,019
CHANGE IN NET POSITION	968,235	(684,514)	306,025	589,746
NET POSITION, BEGINNING OF YEAR	19,127,195	4,488,554	708,400.00	24,324,149
NET POSITION, END OF YEAR	$ 20,095,430	$ 3,804,040	$ 1,014,425	$ 24,913,895

CITY OF ALLEN, TEXAS **EXHIBIT C-3**
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	REPLACEMENT FUND	RISK MANAGEMENT FUND	FACILITY MAINTENANCE FUND	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from transactions with other funds	$ 2,972,509	$ 10,995,447	$ 48,676	$ 14,016,632
Cash paid to employees for services	-	(304,123)	-	(304,123)
Cash paid for goods and services	(1,342)	(158,936)	(455,112)	(615,390)
Cash paid for claims	-	(11,668,125)	-	(11,668,125)
Net cash provided by (used in) operating activities	2,971,167	(1,135,737)	(406,436)	1,428,994
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Transfers in	220,000	482,462	600,000	1,302,462
Transfers out	(201,443)	-	-	(201,443)
Net cash provided by non-capital financing activities	18,557	482,462	600,000	1,101,019
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(3,125,411)	-	-	(3,125,411)
Proceeds from sale of capital assets	219,730	-	-	219,730
Net cash used in capital and related financing activities	(2,905,681)	-	-	(2,905,681)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investment securities	(673,975)	(476,133)	(393,866)	(1,543,974)
Interest on investments	97,241	48,443	8,663	154,347
Net cash (used in) investing activities	(576,734)	(427,690)	(385,203)	(1,389,627)
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(492,691)	(1,080,965)	(191,639)	(1,765,295)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	4,170,541	2,408,185	478,224	7,056,950
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 3,677,850	$ 1,327,220	$ 286,585	$ 5,291,655
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Net operating income (loss)	$ 653,254	$ (1,204,745)	$ (302,918)	$ (854,409)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	1,996,894	-	-	1,996,894
Change in assets and liabilities:				
Accounts receivables	-	(7,056)		(7,056)
Prepaids	-	118,915	-	118,915
Liabilities	321,019	(42,851)	(103,518)	174,650
Total adjustments	2,317,913	69,008	(103,518)	2,283,403
Net cash provided by (used in) operating activities	$ 2,971,167	$ (1,135,737)	$ (406,436)	$ 1,428,994

DISCRETELY PRESENTED COMPONENT UNITS

Allen Economic Development Corporation (AEDC) – AEDC is a legally separate entity from the City and is responsible for aiding, promoting and furthering economic development within the City.

Allen Community Development Corporation (ACDC) – ACDC is a legally separate entity from the City and is responsible for supporting the improvements in community parks and recreation, streets and sidewalks, public safety and the community library.

CITY OF ALLEN, TEXAS **EXHIBIT D-1**
BALANCE SHEET
ALLEN ECONOMIC DEVELOPMENT CORPORATION
SEPTEMBER 30, 2017

ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$	2,878,788
Investments		8,968,278
Sales tax receivable		1,521,997
Accrued interest receivable		22,462
Prepaid items		6,298
TOTAL ASSETS	$	13,397,823
LIABILITIES AND FUND BALANCES		
CURRENT LIABILITIES		
Accounts payable	$	2,617,615
Accrued and other liabilities		23,913
TOTAL LIABILITIES		2,641,528
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - interest		10,388
TOTAL DEFERRED INFLOWS OF RESOURCES		10,388
FUND BALANCES		
Nonspendable		6,298
Restricted		
Debt service		270,214
Unassigned		10,469,395
TOTAL FUND BALANCES		10,745,907
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$	13,397,823

CITY OF ALLEN, TEXAS **EXHIBIT D-2**
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
ALLEN ECONOMIC DEVELOPMENT CORPORATION
SEPTEMBER 30, 2017

Total governmental fund balance	$ 10,745,907
Amounts reported for governmental activities in the statement of net position are different because:	
Revenues earned but not available within sixty days of the year end are not recognized as revenue on the fund financial statements.	10,388
Interest payable on long-term debt does not require current financial resources, therefore interest payable is not reported as a liability in the governmental funds balance sheet.	(67,941)
Long-term liabilities, including bonds payable are not due and payable in the current period and, therefore, are not reported in the fund financial statements.	(19,547,579)
Capital assets (net of accumulated depreciation) used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.	18,866,830
Net position of governmental activities	$ 10,007,605

CITY OF ALLEN, TEXAS **EXHIBIT D-3**
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALLEN ECONOMIC DEVELOPMENT CORPORATION
FOR THE YEAR ENDED SEPTEMBER 30, 2017

REVENUES		
Sales and other taxes	$	9,523,424
Investment earnings		134,105
Miscellaneous		1,439,973
Total revenues		11,097,502
EXPENDITURES		
Current:		
Economic development		12,156,939
Capital projects:		
Economic development		10,521,016
Debt service:		
Principal retirement		5,913,690
Interest and fiscal charges		1,037,189
Total expenditures		29,628,834
Deficiency of revenues under expenditures		(18,531,332)
OTHER FINANCING SOURCES		
Issuance of debt		17,950,000
Proceeds from sale of capital assets		1,441,541
Payment to refund escrow agent		(13,344,370)
Premium on issuance of debt		1,389,763
Total other financing sources		7,436,934
NET CHANGE IN FUND BALANCE		(11,094,398)
FUND BALANCES, BEGINNING OF YEAR		21,840,305
FUND BALANCES, END OF YEAR	$	10,745,907

CITY OF ALLEN, TEXAS **EXHIBIT D-4**
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ALLEN ECONOMIC DEVELOPMENT CORPORATION
FOR THE YEAR ENDED SEPTEMBER 30, 2017

Net change in fund balances - total governmental funds		$ (11,094,398)
Amounts reported for governmental activities in the statement of activities are different because:		
The proceeds from issuance of long-term debt provides current financial resources to governmental funds, while the payment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued. However, these amounts are amortized in the government-wide financial statements.		
Refunding bonds issued	(11,810,000)	
Bonds issued	(6,140,000)	
Premium on bonds issued	(1,389,763)	
Payment to refunding bond escrow agent	13,344,370	
Bond principal retirement	5,310,000	
Note principal retirement	603,690	
Amortization of bond premiums	132,357	
Amortization of deferred charges on refundings	(129,797)	(79,143)
Current year changes in accrued interest payable do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(12,764)
Certain revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds.		10,388
In the governmental fund financial statements, the proceeds from a sale of assets are shown as an increase in financial resources. However in the statement of activities, the gain or loss is calculated and reported.		(632,937)
Capital contributions to the primary government are reported in the statement of activities but do not require the use of current financial resources. Therefore the expense is not reported as an expenditure in the governmental funds.		(533,118)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.		10,521,016
Change in net position of governmental activities		$ (1,820,956)

CITY OF ALLEN, TEXAS **EXHIBIT D-5**
BALANCE SHEETS
ALLEN COMMUNITY DEVELOPMENT CORPORATION
SEPTEMBER 30, 2017

ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$	4,074,731
Investments		9,505,525
Sales tax receivable		1,521,997
Accrued interest receivable		24,093
TOTAL ASSETS	$	15,126,346
LIABILITIES AND FUND BALANCES		
CURRENT LIABILITIES		
Accounts payable	$	561,017
Retainage payable		18,500
TOTAL LIABILITIES		579,517
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - interest		11,142
TOTAL DEFERRED INFLOWS OF RESOURCES		11,142
FUND BALANCES		
Restricted		
Debt service		208,937
Assigned for capital projects		5,915,220
Unassigned		8,411,530
TOTAL FUND BALANCES		14,535,687
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$	15,126,346

CITY OF ALLEN, TEXAS **EXHIBIT D-6**
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
ALLEN COMMUNITY DEVELOPMENT CORPORATION
SEPTEMBER 30, 2017

Total governmental fund balance	$	14,535,687
Amounts reported for governmental activities in the statement of net position are different because:		
The following deferred outflows of resources are not reported in governmental funds:		
Deferred charges on refunding		648,107
Revenues earned but not available within sixty days of the year end are not recognized as revenue on the fund financial statements.		11,142
Interest payable on long-term debt does not require current financial resources, and, therefore, is not reported as a liability in the governmental funds balance sheet.		(57,965)
Long-term liabilities, including bonds payable are not due and payable in the current period and, therefore, are not reported in the fund financial statements.		(29,520,000)
Capital assets (net of accumulated depreciation) used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.		51,338,690
Net position of governmental activities	$	36,955,661

CITY OF ALLEN, TEXAS **EXHIBIT D-7**
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALLEN COMMUNITY DEVELOPMENT CORPORATION
FOR THE YEAR ENDED SEPTEMBER 30, 2017

REVENUES		
Sales and other taxes	$	9,523,424
Investment earnings		82,926
Total revenues		9,606,350
EXPENDITURES		
Current:		
Community development		2,151,135
Capital projects:		
Community development		1,782,225
Debt service:		
Principal retirement		1,715,000
Interest and fiscal charges		695,418
Total expenditures		6,343,778
Excess (deficiency) of revenues over expenditures		3,262,572
NET CHANGE IN FUND BALANCES		3,262,572
FUND BALANCES, BEGINNING OF YEAR		11,273,115
FUND BALANCES, END OF YEAR	$	14,535,687

CITY OF ALLEN, TEXAS **EXHIBIT D-8**
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ALLEN COMMUNITY DEVELOPMENT CORPORATION
FOR THE YEAR ENDED SEPTEMBER 30, 2017

Net change in fund balances - total governmental funds	$	3,262,572
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.		1,782,225
Certain revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds.		11,142
Governmental funds report the effect of premiums, discounts, and similar items when debt is first issued. However, these amounts are amortized in the government-wide financial statements.		(81,013)
Current year changes in accrued interest payable do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(1,225)
Depreciation expense on capital assets is reported in the statement of activities but does not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in the governmental funds.		(3,065,364)
Repayment of the principal on long-term debt consumes the current financial resources of governmental funds. However, these transactions have no effect on net position.		1,715,000
Change in net position of governmental activities	$	3,623,337

CITY OF ALLEN

CAPITAL ASSETS
USED IN THE OPERATIONS
OF GOVERNMENTAL FUNDS

CITY OF ALLEN

GOVERNMENTAL FUNDS CAPITAL ASSETS		
Land and land improvements	$	139,069,289
Buildings		101,175,167
Machinery and equipment		9,374,279
Furniture and fixtures		7,523,758
Vehicles		1,689,749
Books		909,026
Infrastructure		496,340,369
Total property and equipment in service		756,081,637
Construction in progress		7,492,158
Total governmental funds capital assets	$	763,573,795
INVESTMENTS IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY REVENUE SOURCE		
General obligation bond proceeds and interest income	$	204,712,547
Revenue bonds		10,475,000
Contributions		409,010,409
Other governments		9,951,500
General and other fund operations		106,943,845
Special revenue funds		22,480,494
Total governmental funds capital assets	$	763,573,795

(a) This schedule presents only the capital asset balances related to governmental funds, including infrastructure. Accordingly, the capital assets reported in the internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net position.

CITY OF ALLEN, TEXAS
SCHEDULE OF CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS BY FUNCTION AND ACTIVITY (a)
SEPTEMBER 30, 2017

Function and Activity	Land & Land Improvements	Buildings	Machinery & Equipment	Furniture & Fixtures
GENERAL GOVERNMENT				
Municipal court	$ 631,788	$ 289,669	137,584	$ -
City administration	2,719,532	8,871,016	569,310	838,708
Information technology	-	-	1,239,089	1,040
Internal services	-	-	371,109	14,623
Finance	-	-	-	23,600
Total general government	3,351,320	9,160,685	2,317,092	877,971
PUBLIC SAFETY				
Police	-	8,528,747	593,816	235,768
Fire	78,932	14,541,588	871,001	288,428
Total public safety	78,932	23,070,335	1,464,817	524,196
PUBLIC WORKS				
Community services & streets	51,274,858	13,184,077	508,186	41,898
Engineering	66,920,410	8,624,175	160,284	468,878
Total public works	118,195,268	21,808,252	668,470	510,776
CULTURE & RECREATION				
Parks & recreation	16,943,769	34,063,223	3,399,526	4,764,193
CVB	-	-	-	-
Library	-	11,041,387	457,946	837,256
Total culture and recreation	16,943,769	45,104,610	3,857,472	5,601,449
COMMUNITY DEVELOPMENT				
Building & code compliance	-	-	-	-
Planning & development	-	-	16,988	9,366
Total community development	-	-	16,988	9,366
GRANT ADMINISTRATION				
Grant Administration	500,000	2,031,285	1,049,440	-
Total grant administration	500,000	2,031,285	1,049,440	-
Construction in Progress	-	-	-	-
Total governmental funds capital assets	$ 139,069,289	$ 101,175,167	$ 9,374,279	$ 7,523,758

Vehicles	Books	Other Improvements	Construction in Progress	Total
$ -	$ -	$ 6,178	$ -	$ 1,065,219
25,348	-	-	-	13,023,914
39,570	-	5,539,835	-	6,819,534
	-	4,311	-	390,043
-	-	-	-	23,600
64,918	-	5,550,324	-	21,322,310
264,571	-	1,148,333	-	10,771,235
542,732	-	110,682		16,433,363
807,303	-	1,259,015	-	27,204,598
33,225	-	280,978,293	-	346,020,537
140,457	-	174,774,961	-	251,089,165
173,682	-	455,753,254	-	597,109,702
451,251	-	31,298,525	-	90,920,487
26,221	-	-	-	26,221
-	899,099	3,519	-	13,239,207
477,472	899,099	31,302,044	-	104,185,915
13,619	-	-	-	13,619
19,848	-	-	-	46,202
33,467	-	-	-	59,821
132,907	9,927	2,475,732	-	6,199,291
132,907	9,927	2,475,732	-	6,199,291
-	-	-	7,492,158	7,492,158
$ 1,689,749	$ 909,026	$ 496,340,369	$ 7,492,158	$ 763,573,795

CITY OF ALLEN, TEXAS **EXHIBIT E-3**

SCHEDULE OF CHANGES IN CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS – BY FUNCTION AND ACTIVITY (a)

FOR THE YEAR ENDED SEPTEMBER 30, 2017

Function and Activity	Governmental Funds Capital Assets October 1, 2016	Developer Contributions	Additions	Deductions	Transfers	Governmental Funds Capital Assets September 30, 2017
GENERAL GOVERNMENT						
Municipal Court	$ 1,065,219	$ -	$ -	$ -	$ -	$ 1,065,219
City Administration	12,978,540	-	45,374	-	-	13,023,914
Information Technology	6,658,610	-	205,813	(44,889)	-	6,819,534
Human Resources	-	-	-	-	-	-
Internal Services	512,813	-	-	-	-	512,813
Finance	23,600	-	-	-	-	23,600
Total General Government	21,238,782	-	251,187	(44,889)	-	21,445,080
PUBLIC SAFETY						
Police	10,810,342	-	-	(98,463)	-	10,711,879
Fire	11,265,056	-	179,487	(47,360)	5,460,587	16,857,770
Total Public Safety	22,075,398	-	179,487	(145,823)	5,460,587	27,569,649
PUBLIC WORKS						
Community services & streets	335,512,725	10,624,701	-	(94,943)	-	346,042,483
Engineering	235,995,382	6,078,900	338,387	-	8,730,797	251,143,466
Total Public Works	571,508,107	16,703,601	338,387	(94,943)	8,730,797	597,185,949
CULTURE & RECREATION						
Parks & Recreation	89,280,501	-	515,436	(332,187)	786,699	90,250,449
CVB	26,221	-	-	-	-	26,221
Library	13,962,307	-	-	(723,101)	-	13,239,206
Total Culture & Recreation	103,269,029	-	515,436	(1,055,288)	786,699	103,515,876
COMMUNITY DEVELOPMENT						
Building & Code Compliance	13,619	-	-	-	-	13,619
Planning & Development	46,202	-	-	-	-	46,202
Total Community Development	59,821	-	-	-	-	59,821
GRANT ADMINISTRATION						
Grant Administration	6,464,958	-	-	(159,696)	-	6,305,262
Total Grant Administration	6,464,958	-	-	(159,696)	-	6,305,262
Total general capital assets allocated by function	724,616,095	16,703,601	1,284,497	(1,500,639)	14,978,083	756,081,637
Construction in progress	16,656,539		5,813,702		(14,978,083)	7,492,158
Total governmental funds capital assets	$ 741,272,634	$ 16,703,601	$ 7,098,199	$ (1,500,639)	$ -	$ 763,573,795

STATISTICAL SECTION
(UNAUDITED)

CITY OF ALLEN

STATISTICAL SECTION

This part of the City of Allen's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, notes disclosures, and required supplementary information says about the City's overall financial health. This information has not been audited by the independent auditor.

Contents **Table #s**

Financial Trends **1, 2, 3 & 4**

These tables contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity **5, 6, 7 & 8**

These tables contain information to help the reader assess the City's two most significant local revenue sources, the property and sales taxes.

Debt Capacity **9, 10, 11 & 12**

These tables present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Economic and Demographic Information **13 & 14**

These tables offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information **15, 16 & 17**

These tables contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides.

Source: Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in fiscal year 2003: tables presenting government-wide information include information beginning in that year.

CITY OF ALLEN, TEXAS
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
(Unaudited)

TABLE 1

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities										
Net investment in capital assets	$ 302,002,142	$ 362,579,369	$ 375,929,040	$ 366,601,816	$ 373,586,071	$ 369,314,466	$ 363,168,607	$ 355,756,224	$ 364,667,251	$ 366,322,218
Restricted	1,151,814	1,068,651	889,439	18,656,870	21,042,413	26,511,231	26,066,205	31,476,026	32,485,173	38,303,226
Unrestricted	22,106,668	27,024,433	23,658,628	7,621,235	8,054,347	8,960,703	12,436,903	16,596,955	14,435,604	15,902,576
Total governmental net position	$ 325,260,624	$ 390,672,453	$ 400,477,107	$ 392,879,921	$ 402,682,831	$ 404,786,400	$ 401,671,715	$ 403,829,205	$ 411,588,028	$ 420,528,020
Business-type activities										
Net investment in capital assets	$ 92,541,986	$ 92,988,242	$ 94,983,309	$ 96,288,053	$ 99,960,794	$ 99,544,466	$ 100,991,443	$ 102,340,588	$ 106,174,191	$ 107,926,811
Restricted for debt service	922,863	654,521	376,962	349,692	428,646	364,510	26,859	344,421	216,664	195,485
Unrestricted	24,970,084	27,166,614	25,861,166	29,434,587	31,346,727	33,860,716	32,720,930	34,165,174	33,592,809	31,920,455
Total business-type net position	$ 118,434,933	$ 120,809,377	$ 121,221,437	$ 126,072,332	$ 131,736,167	$ 133,769,692	$ 133,739,232	$ 136,850,183	$ 139,983,664	$ 140,042,751
Primary government										
Net investment in capital assets	$ 394,544,128	$ 455,567,611	$ 470,912,349	$ 462,889,869	$ 473,546,865	$ 468,858,932	$ 464,160,050	$ 458,096,812	$ 470,841,442	$ 474,249,029
Restricted for debt service	2,074,677	1,723,172	1,266,401	19,006,562	21,471,059	26,875,741	26,093,064	31,820,447	32,701,837	38,498,711
Unrestricted	47,076,752	54,191,047	49,519,794	37,055,822	39,401,074	42,821,419	45,157,833	50,762,129	48,028,413	47,823,031
Total primary government net position	$ 443,695,557	$ 511,481,830	$ 521,698,544	$ 518,952,253	$ 534,418,998	$ 538,556,092	$ 535,410,947	$ 540,679,388	$ 551,571,692	$ 560,570,771

Source: Comprehensive Annual Financial Report

CITY OF ALLEN, TEXAS
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
(Unaudited)

TABLE 2

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities:										
General government	$ 13,466,124	$ 14,304,910	$ 20,415,700	$ 16,989,047	$ 18,347,067	$ 22,271,050	$ 24,940,939	$ 24,464,246	$ 25,304,811	$ 28,251,550
Public safety	23,438,274	24,498,604	26,106,950	27,110,778	28,675,146	28,935,911	30,408,487	31,607,444	35,199,937	39,624,788
Public works	14,508,426	14,893,306	16,036,561	16,779,393	17,681,730	17,807,948	18,252,130	18,349,569	19,083,214	20,209,785
Culture and recreation	16,980,568	17,689,583	23,160,807	30,645,922	32,112,451	29,983,224	30,987,689	32,407,934	32,851,598	28,968,534
Community development	4,557,098	2,718,864	2,665,534	2,742,284	2,527,518	2,230,968	2,689,517	2,861,704	3,251,555	3,007,047
Interest on long-term debt	4,219,858	4,326,330	4,860,527	4,715,550	4,539,622	4,067,303	3,955,305	3,921,989	3,356,234	2,980,513
Total governmental activities expenses	77,170,348	78,431,597	93,246,079	98,982,974	103,883,534	105,296,404	111,234,067	113,612,886	119,047,349	123,042,217
Business-type activities:										
Water and sewer	21,357,015	22,227,624	26,344,371	25,638,007	26,359,698	29,160,281	30,081,379	32,304,628	35,604,182	39,527,816
Solid waste	4,433,560	4,893,175	5,111,913	5,411,960	5,429,049	5,495,654	5,383,215	5,560,294	5,870,269	6,078,853
Drainage	710,711	692,180	895,924	819,947	882,726	910,179	951,973	914,322	1,146,138	1,193,057
Golf Course	1,964,367	2,165,144	2,029,699	1,912,583	1,179,015	2,483,467	2,839,098	2,911,476	3,089,041	3,135,144
Total business-type activities expenses	28,465,653	29,978,123	34,381,907	33,782,497	33,850,488	38,049,581	39,255,665	41,690,720	45,709,630	49,934,870
Total primary government expenses	$ 105,636,001	$ 108,409,720	$ 127,627,986	$ 132,765,471	$ 137,734,022	$ 143,345,985	$ 150,489,732	$ 155,303,606	$ 164,756,979	$ 172,977,087
Program Revenues										
Governmental activities:										
Charges for Services:										
General government	$ 508,964	$ 553,322	$ 619,950	$ 575,406	$ 712,432	$ 675,196	$ 823,801	$ 705,064	$ 467,786	$ 497,243
Public safety	1,274,374	1,514,091	1,464,849	1,521,787	1,577,643	1,541,985	1,568,294	1,647,407	1,801,984	2,712,076
Public works	194,223	26,940	131,147	117,518	137,357	196,685	154,418	233,808	210,687	293,559
Culture and recreation	2,473,738	2,638,116	4,347,601	7,762,439	8,019,145	8,443,286	8,425,791	9,177,211	10,289,465	8,747,206
Community development	4,296,269	1,492,567	1,498,580	1,394,833	1,265,485	2,220,438	3,103,410	3,021,708	3,216,799	4,266,140
Operating grants and contributions	2,762,517	2,771,709	3,148,752	2,736,094	1,504,355	2,067,482	1,121,356	1,749,567	1,557,260	2,443,054
Capital grants and contributions	42,823,515	70,200,823	21,884,059	5,437,433	26,626,381	14,737,780	9,571,206	10,552,610	16,039,869	15,327,094
Total governmental activities program revenues	54,333,600	79,197,568	33,094,938	19,545,510	39,842,798	29,882,852	24,768,276	27,087,375	33,583,850	34,286,372
Business-type activities:										
Charges for services:										
Water and sewer	24,589,440	24,642,034	25,588,187	30,798,158	28,693,707	30,808,084	28,955,282	34,135,714	36,335,868	37,163,882
Solid waste	4,975,594	5,541,375	5,789,828	6,138,900	6,040,165	6,114,951	6,309,729	6,474,386	6,687,182	6,735,559
Drainage	1,016,208	1,116,881	1,238,278	1,284,058	1,338,680	1,352,671	1,378,662	1,465,044	1,519,405	1,648,681
Golf Course	1,554,661	1,628,697	1,430,861	1,406,555	59,054	1,924,706	2,537,564	2,361,384	2,705,799	2,959,361
Operating grants and contributions	-	-	-	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	-	-
Capital grants and contributions	14,561,455	2,135,885	5,142,221	2,749,029	7,151,043	3,788,300	3,685,960	4,416,642	6,172,301	5,622,911
Total business-type activities program revenues	46,697,358	35,064,872	39,189,375	43,376,700	44,282,649	44,988,712	43,867,197	49,853,170	53,420,555	54,130,394
Total primary government program revenues	$ 101,030,958	$ 114,262,440	$ 72,284,313	$ 62,922,210	$ 84,125,447	$ 74,871,564	$ 68,635,473	$ 76,940,545	$ 87,004,405	$ 88,416,766

(continued)

CITY OF ALLEN, TEXAS
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
(Unaudited)

TABLE 2

Net (Expenses) Revenue										
Governmental activities	$ (22,836,748)	$ 765,971	$ (60,151,141)	$ (79,437,464)	$ (64,040,736)	$ (75,413,552)	$ (86,465,791)	$ (86,525,511)	$ (85,463,499)	$ (88,755,845)
Business-type activities	18,231,705	5,086,749	4,807,468	9,594,203	10,432,161	6,939,131	4,611,532	8,162,450	7,710,925	4,195,524
Total primary government net expenses	$ (4,605,043)	$ 5,852,720	$ (55,343,673)	$ (69,843,261)	$ (53,608,575)	$ (68,474,421)	$ (81,854,259)	$ (78,363,061)	$ (77,752,574)	$ (84,560,321)
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Taxes:										
Property taxes	$ 37,261,411	$ 39,450,387	$ 40,757,240	$ 41,111,106	$ 42,042,753	$ 44,474,745	$ 46,232,565	$ 50,143,986	$ 54,102,952	$ 58,816,876
Sales taxes	10,046,534	11,140,337	12,461,268	13,907,095	15,038,519	16,289,761	18,004,636	18,141,683	19,274,983	19,450,088
Franchise taxes	5,530,732	5,533,573	6,091,857	6,421,059	6,150,419	6,302,018	6,973,705	7,412,447	7,295,931	7,553,013
Hotel / Motel taxes	719,039	597,512	805,185	1,113,312	1,229,996	1,350,286	1,499,512	1,544,160	1,607,263	1,547,244
Other taxes	1,900,081	1,987,765	2,128,167	1,886,665	1,622,633	1,389,503	2,151,232	1,851,397	1,621,012	1,912,559
Investment earnings	2,437,926	1,558,913	1,154,160	644,169	538,863	177,495	416,828	689,736	735,832	837,577
Gain on disposition of capital assets	57,979	113,734	103,095	233,783	40,509	92,401	-	-	-	263,627
Miscellaneous	511,656	1,052,184	1,312,462	1,451,743	1,802,747	2,079,082	2,445,491	2,650,103	3,794,277	2,703,964
Transfers	2,806,596	3,211,453	5,142,361	5,071,346	5,377,207	5,361,830	5,627,137	6,249,489	4,790,072	4,610,889
Total governmental activities	61,271,954	64,645,858	69,955,795	71,840,278	73,843,646	77,517,121	83,351,106	88,683,001	93,222,322	97,695,837
Business-type activities:										
Investment earnings	775,413	499,148	338,849	184,709	197,613	70,382	134,988	194,051	197,125	199,508
Gain on disposition of capital assets	667,624	-	-	-	-	-	-	-	15,503	-
Miscellaneous	-	-	408,104	143,329	411,268	385,842	850,157	1,003,939	-	274,944
Transfers	(2,806,596)	(3,211,453)	(5,142,361)	(5,071,346)	(5,377,207)	(5,361,830)	(5,627,137)	(6,249,489)	(4,790,072)	(4,610,889)
Total business-type activities	(1,363,559)	(2,712,305)	(4,395,408)	(4,743,308)	(4,768,326)	(4,905,606)	(4,641,992)	(5,051,499)	(4,577,444)	(4,136,437)
Total primary government	$ 59,908,395	$ 61,933,553	$ 65,560,387	$ 67,096,970	$ 69,075,320	$ 72,611,515	$ 78,709,114	$ 83,631,502	$ 88,644,878	$ 93,559,400
Change in Net Position										
Governmental activities	$ 38,435,206	$ 65,411,829	$ 9,804,654	$ (7,597,186)	$ 9,802,910	$ 2,103,569	$ (3,114,685)	$ 2,157,490	$ 7,758,823	$ 8,939,992
Business-type activities	16,868,146	2,374,444	412,060	4,850,895	5,663,835	2,033,525	(30,460)	3,110,951	3,133,481	59,087
Total primary government	$ 55,303,352	$ 67,786,273	$ 10,216,714	$ (2,746,291)	$ 15,466,745	$ 4,137,094	$ (3,145,145)	$ 5,268,441	$ 10,892,304	$ 8,999,079

Source: Comprehensive Annual Financial Report

CITY OF ALLEN, TEXAS **TABLE 3**
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Nonspendable	$ 1,126	$ 941	$ 862	$ 156	$ 2,081	$ 2,098	$ 4,767	$ 1,486	$ 2,129	$ 126,833
Restricted	-	-	-	55,898	513,801	726,953	752,238	779,185	907,908	58,910
Assigned	-	-	-	1,402	133,478	851,564	748,200	921,030	-	2,000,000
Unassigned	13,551,273	13,584,544	15,187,065	15,349,834	15,857,642	14,672,989	17,368,187	18,407,873	20,911,943	19,684,053
Total General Fund	$13,552,399	$13,585,485	$15,187,927	$15,407,290	$16,507,002	$16,253,604	$18,873,392	$ 20,109,574	$ 21,821,980	$ 21,869,796
All Other Governmental Funds										
Restriced	$39,699,958	$54,286,739	$39,138,691	$31,131,674	$26,297,587	$34,132,037	$42,149,113	$ 51,398,430	$ 46,610,702	$ 57,540,668
Total all other governmental funds	$39,699,958	$54,286,739	$39,138,691	$31,131,674	$26,297,587	$34,132,037	$42,149,113	$ 51,398,430	$ 46,610,702	$ 57,540,668

Source: Comprehensive Annual Financial Report

CITY OF ALLEN, TEXAS **TABLE 4**
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
REVENUES										
Ad valorem taxes	$37,524,441	$39,524,538	$ 40,555,218	$41,167,524	$42,045,252	$44,725,261	$46,142,222	$ 50,177,840	$ 54,104,132	$ 58,875,936
Franchise taxes	5,530,732	5,533,573	6,091,857	6,421,059	6,150,419	6,302,018	6,973,705	7,412,447	7,295,931	7,553,013
Municipal sales tax	10,046,534	11,140,337	12,461,268	13,907,095	15,038,519	16,289,761	18,004,636	18,141,683	19,274,983	19,450,088
Licenses, permits and fees	2,321,139	1,888,823	1,120,401	1,270,493	1,215,677	2,294,955	2,915,533	3,134,551	3,064,580	4,450,639
Charges for services	4,169,453	1,923,778	5,790,716	9,234,618	10,051,684	10,623,970	10,580,553	11,734,344	13,002,770	11,664,328
Fines	1,900,477	1,996,179	2,134,324	1,886,665	1,648,194	1,402,725	2,160,168	1,805,230	1,579,628	1,851,735
Gifts and contributions	2,189,511	23,902,163	609,522	986,125	1,443,766	1,322,228	819,408	1,012,103	832,211	712,437
Hotel / motel fees	719,039	597,512	805,185	1,113,312	1,229,996	1,350,286	1,499,512	1,544,160	1,607,263	1,547,244
Recreation fees	2,154,236	2,309,331	-	-	-	-	-	-	-	-
Intergovernmental	2,185,252	22,358,605	5,528,449	3,795,087	4,637,343	5,267,026	1,704,404	3,570,737	2,645,089	1,927,567
Investment earnings	2,160,011	1,318,704	985,219	547,525	440,065	144,604	344,386	577,014	627,760	643,928
Miscellaneous	1,432,285	1,123,436	5,199,090	1,939,352	2,241,166	2,671,410	3,394,197	3,420,441	3,711,870	3,428,366
Total revenues	72,333,110	113,616,979	81,281,249	82,268,855	86,142,081	92,394,244	94,538,724	102,530,550	107,746,217	112,105,281
EXPENDITURES										
General government	15,701,588	13,585,542	19,656,265	16,502,188	17,145,603	21,785,677	23,544,055	23,996,598	24,101,637	27,182,391
Public safety	23,269,152	24,086,875	24,994,107	26,089,579	27,291,201	28,317,603	29,214,552	30,731,310	32,966,265	37,294,550
Public works	3,579,431	3,614,305	5,186,355	3,856,373	4,104,118	4,055,500	4,077,961	4,888,798	4,865,431	5,428,996
Culture and recreation	13,338,981	13,422,415	14,581,130	21,785,214	22,460,071	20,864,140	21,435,581	22,540,516	24,287,382	23,745,884
Community development	2,414,866	2,663,153	2,584,454	2,549,235	2,406,485	2,211,253	2,631,289	2,880,880	2,833,011	2,951,864
Capital outlay	8,122,023	48,473,906	34,219,102	17,398,837	7,972,159	6,123,786	6,573,002	6,555,445	15,408,293	7,053,863
Debt service										
Principal retirement	4,775,000	5,200,000	5,995,000	6,930,000	7,634,130	7,964,914	8,364,986	9,322,537	9,135,000	10,445,000
Interest and fiscal charges	3,986,567	4,309,099	4,710,336	4,775,982	4,562,965	3,955,639	3,882,394	3,931,548	3,801,812	3,378,943
Total expenditures	75,187,608	115,355,295	111,926,749	99,887,408	93,576,732	95,278,512	99,723,820	104,847,632	117,398,831	117,481,491
Excess (deficiency) of revenues over (under) expenditures	(2,854,498)	(1,738,316)	(30,645,500)	(17,618,553)	(7,434,651)	(2,884,268)	(5,185,096)	(2,317,082)	(9,652,614)	(5,376,210)
OTHER FINANCING SOURCES (USES)										
Refunding bonds issued	-	-	-	12,625,000	13,940,000	-	-	32,245,000	6,910,000	-
Premium on refunding bonds issued	50,904	189,872	150,733	667,702	2,296,042	350,071	432,879	3,772,133	1,039,610	955,225
Issuance of debt	10,185,000	15,400,000	12,000,000	5,000,000	-	5,065,000	10,595,000	-	1,940,000	11,845,000
Capital lease obligations	153,455	35,069	-	-	29,905	-	-	-	1,700,000	-
Payment to refund bond escrow agent	-	-	-	(12,998,419)	(16,050,003)	-	-	(28,097,931)	(7,789,058)	-
Transfer in	5,502,927	5,973,735	10,136,842	6,849,982	7,074,436	9,598,187	9,257,105	9,711,565	9,137,082	9,805,859
Transfer out	(2,906,669)	(5,318,064)	(5,285,873)	(2,336,625)	(3,599,726)	(4,571,226)	(4,484,282)	(4,847,771)	(6,384,490)	(6,295,989)
Proceeds from sale of capital assets	53,434	77,571	98,192	23,259	9,622	23,288	21,258	19,585	24,148	43,897
Total other financing sources (uses)	13,039,051	16,358,183	17,099,894	9,830,899	3,700,276	10,465,320	15,821,960	12,802,581	6,577,292	16,353,992
NET CHANGE IN FUND BALANCES	$10,184,553	$14,619,867	$(13,545,606)	$ (7,787,654)	$ (3,734,375)	$ 7,581,052	$10,636,864	$ 10,485,499	$ (3,075,322)	$ 10,977,782
Debt service as a percentage of noncapital expenditures	13.3%	14.4%	13.8%	14.2%	14.3%	13.4%	13.2%	13.6%	12.7%	12.5%

Source: Comprehensive Annual Financial Report

CITY OF ALLEN, TEXAS **TABLE 5**
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	Estimated Market Value: Real Property	Estimated Market Value: Personal Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2008	$ 6,746,339,301	$ 638,399,574	$ 931,228,814	$ 6,453,510,061	$ 0.55700
2009	7,250,071,630	612,812,456	827,934,570	7,034,949,516	0.55600
2010	7,546,057,552	627,120,557	855,810,360	7,317,367,749	0.55500
2011	7,592,460,367	673,537,481	876,322,043	7,389,675,805	0.55400
2012	7,721,491,897	496,008,713	615,320,140	7,602,180,470	0.55300
2013	7,810,983,131	833,800,673	643,485,592	8,001,298,212	0.55200
2014	8,197,352,931	789,414,854	613,723,945	8,373,043,840	0.55000
2015	9,347,795,862	885,946,440	1,071,401,599	9,162,340,703	0.54000
2016	10,892,510,607	949,453,680	1,665,547,504	10,176,416,783	0.53000
2017	12,247,829,044	1,019,719,862	1,799,062,766	11,468,486,140	0.52000

Sources: City of Allen Budget Document
Collin Central Appraisal District

CITY OF ALLEN, TEXAS **TABLE 6**
DIRECT AND OVERLAPPING PROPERTY TAX RATES (PER $100 OF ASSESSED VALUE)
LAST TEN FISCAL YEARS
(unaudited)

	City Direct Rates			Overlapping Rates					
Fiscal Year	Operating/ General Rate	General Obligation Debt Service	Total Direct	Allen Independent School District	Plano Independent School District	McKinney Independent School District	Love Joy Independent School District	Collin County	Collin County Community College District
2008	0.42662	0.13038	0.55700	1.47030	1.26840	1.51700	1.47630	0.24500	0.08698
2009	0.42370	0.13231	0.55600	1.47030	1.30340	1.51700	1.51500	0.24250	0.08649
2010	0.41075	0.14425	0.55500	1.54000	1.32840	1.54000	1.53500	0.24250	0.08630
2011	0.40908	0.14492	0.55400	1.54000	1.35340	1.52800	1.53500	0.24000	0.08630
2012	0.40533	0.14767	0.55300	1.67000	1.37340	1.54000	1.53500	0.24000	0.08630
2013	0.40506	0.14694	0.55200	1.67000	1.37340	1.54000	1.53500	0.24000	0.08630
2014	0.40912	0.14088	0.55000	1.67000	1.45300	1.67000	1.53500	0.23750	0.08364
2015	0.39836	0.14164	0.54000	1.64000	1.44800	1.67000	1.56000	0.23500	0.08196
2016	0.40627	0.12373	0.53000	1.61000	1.43900	1.67000	1.56000	0.22500	0.08196
2017	0.39627	0.12373	0.52000	1.59000	1.43900	1.62000	1.67000	0.20840	0.08122

Source: Collin Central Appraisal District

CITY OF ALLEN, TEXAS **TABLE 7**
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)

2017			2008		
Taxpayer	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value[a]	Taxpayer	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value[b]
The Village At Allen LP	$ 147,302,454	1.28%	Chelsea Allen Development LP	$ 69,500,000	1.08%
AT&T Mobility LLC	123,113,770	1.07%	AT&T Mobility LLC	53,085,398	0.82%
Watters Creek Owner LLC	117,750,824	1.03%	TXU Electric Delivery Company	37,244,873	0.58%
Chelsea Allen Development LP	89,327,906	0.78%	Lexington Allen LP	36,999,981	0.57%
AT&T Services Inc	83,591,374	0.73%	Benton Pointe Apartments Inc	31,982,262	0.50%
Cisco Systems Inc	81,174,520	0.71%	TC Village Inc	30,086,965	0.47%
Creekside Acquisition LP	60,819,953	0.53%	BES Settler's Gate Fund III LP & ETAL	29,000,000	0.45%
BH Benton Pointe Apartments LLC	44,795,236	0.39%	SW Bell Telephone LP	21,642,240	0.34%
BH Settler's Gate Apartments LP	44,001,257	0.38%	Bossy Boots Holdings Ltd	20,709,928	0.32%
Oncor Electric Delivery Company	37,616,080	0.33%	Auberry Investors Limited Partnership	20,652,000	0.32%
Total	$ 829,493,374	7.23%	Total	$ 350,903,647	5.45%
Total Assessed Valuation	11,468,486,140	100.00%	Total Assessed Valuation	6,453,510,061	100.00%

Source: Collin Central Appraisal District

Notes: [a]Taxpayers are assessed on January 1, 2016 (2016 tax year) for the 2017 fiscal year.

[b]Taxpayers are assessed on January 1, 2007 (2007 tax year) for the 2008 fiscal year.

CITY OF ALLEN, TEXAS **TABLE 8**
AD VALOREM TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2008	$ 36,001,066	$ 35,867,502	99.63	$ 77,422	$ 35,944,924	99.84
2009	39,165,026	38,887,961	99.29	201,225	39,089,186	99.81
2010	40,506,583	40,162,971	99.15	317,725	40,480,696	99.94
2011	41,262,761	40,977,108	99.31	192,676	41,169,784	99.77
2012	42,945,211	41,777,134	97.28	471,521	42,248,655	98.38
2013	44,220,072	44,005,302	99.51	181,363	44,186,665	99.92
2014	46,170,466	45,924,321	99.47	209,458	46,133,779	99.92
2015	49,620,937	49,472,535	99.70	108,742	49,581,277	99.92
2016	53,953,063	53,821,573	99.76	79,267	53,900,840	99.90
2017	58,321,644	58,282,589	99.93	-	58,282,589	99.93

Source: Collin County Tax Assessor

CITY OF ALLEN, TEXAS **TABLE 9**
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(Unaudited)

	Governmental Activities				Business-Type Activities				
Fiscal Year	General Obligation Bonds	Certificates of Obligation	Tax Notes	Other Obligations	Water and Sewer Revenue Bonds	Other Obligations	Total Primary Government	Percentage of Personal Income[a]	Per Capita[a]
2008	$ 88,920,000	$ 5,110,000	$ -	$ 626,723	$ 15,035,000	$ 48,745	$109,740,468	4.01%	1,333
2009	99,325,000	4,905,000		876,068	14,100,000	69,633	119,275,701	3.94%	1,421
2010	105,550,000	4,685,000		1,053,242	12,960,000	6,179	124,254,421	4.24%	1,456
2011	104,330,000	4,455,000		914,918	11,770,000	(34,414)	121,435,504	4.01%	1,402
2012	99,365,000	1,060,000		1,957,998	10,535,000	(74,053)	112,843,945	3.42%	1,281
2013	96,735,000	800,000		2,433,439	9,370,000	456,061	109,794,500	2.96%	1,224
2014	99,245,000	530,000		4,615,649	8,015,000	691,493	113,097,142	3.19%	1,241
2015	95,690,000	490,000		7,258,749	6,735,000	596,700	110,770,449	2.81%	1,188
2016	86,445,000	450,000	1,940,000	9,175,844	5,760,000	448,387	104,219,231	2.73%	1,102
2017	88,575,000	405,000	1,255,000	8,859,995	4,760,000	282,326	104,137,321	2.60%	1,043

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
[a]See Table 13 for personal income and population data.

CITY OF ALLEN, TEXAS **TABLE 10**
RATIO OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	General Bonded Debt Outstanding: General Obligation Bonds	Certificates of Obligation	Tax Notes	Total	Percentage of Actual Taxable Value of Property[a]	Per Capita[b]
2008	$ 88,920,000	$ 5,110,000	$ -	$ 94,030,000	1.46%	1,142
2009	99,325,000	4,905,000		104,230,000	1.48%	1,242
2010	105,550,000	4,685,000		110,235,000	1.51%	1,292
2011	104,330,000	4,455,000		108,785,000	1.47%	1,256
2012	99,365,000	1,060,000		100,425,000	1.32%	1,140
2013	96,735,000	800,000		97,535,000	1.22%	1,087
2014	99,245,000	530,000		99,775,000	1.19%	1,095
2015	95,690,000	490,000		96,180,000	1.05%	1,031
2016	86,445,000	450,000	1,940,000	88,835,000	0.87%	939
2017	88,575,000	405,000	1,255,000	90,235,000	0.79%	904

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

[a]See Table 5 for property value data.

[b]See Table 13 for population data.

CITY OF ALLEN, TEXAS **TABLE 11**
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2017
(Unaudited)

Governmental Unit	Net Bonded Debt	Percentage of Debt Applicable to Area	Allen Share of Overlapping Debt
Debt repaid with property taxes			
Allen I.S.D.	$ 651,299,087	90.31%	$ 588,188,205
Plano I.S.D.	1,031,725,000	0.85%	8,769,663
McKinney I.S.D.	570,270,000	0.14%	798,378
Lovejoy I.S.D.	166,095,234	10.45%	17,356,952
Collin County	352,380,000	10.39%	36,612,282
Collin College	14,590,000	10.39%	1,515,901
Subtotal, overlapping debt			$ 653,241,381
City of Allen (direct debt)	90,235,000	100.00%	90,235,000
Total direct and overlapping debt			$ 743,476,381

Sources: Net Bonded Debt and Percentage of debt provided by Municipal Advisory of Texas.

CITY OF ALLEN, TEXAS
PLEDGED – REVENUE COVERAGE
LAST TEN FISCAL YEARS
(Unaudited)

TABLE 12

Fiscal Year	Water and Sewer System Revenue Bonds				
	Total Revenues[a]	Less: Operating Expenses[b]	Net Available Revenue	Annual Requirement[c]	Times Coverage
2008	$ 27,742,541	$ 16,210,992	$ 11,531,549	$ 2,364,358	4.88
2009	25,075,813	17,202,595	7,873,218	1,659,529	4.74
2010	28,773,833	20,620,871	8,152,962	1,698,662	4.80
2011	32,088,556	19,752,880	12,335,676	1,703,356	7.24
2012	30,218,985	20,244,240	9,974,745	1,702,074	5.86
2013	32,199,528	23,061,918	9,137,610	1,588,049	5.75
2014	30,887,999	23,754,848	7,133,151	1,585,519	4.50
2015	36,275,063	26,397,770	9,877,293	1,513,860	6.52
2016	36,509,983	29,287,984	7,221,999	1,173,576	6.15
2017	37,609,746	33,023,729	4,586,017	1,169,082	3.92

Notes: [a]Includes operating and non-operating revenues. In 2000-2008 Development fees were a part of the non-operating revenues (Exhibit 9). As of 2009 Development fees are no longer included as part of the non-operating revenues and therefore are not included in the times coverage calculation.

[b]Includes operating expenses minus depreciation.

[c]Includes Principal and Interest.

CITY OF ALLEN, TEXAS **TABLE 13**
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	Estimated Population[a]	Personal Income	Per Capita Personal Income[b]	School Enrollment[c]	Unemployment Rate[d]
2008	82,318	$ 2,738,884,496	$ 33,272	17,513	4.7%
2009	83,929	3,025,808,308	36,052	18,091	7.5%
2010	85,315	2,930,399,620	34,348	18,715	6.7%
2011	86,633	3,030,508,973	34,981	19,387	7.2%
2012	88,103	3,298,664,423	37,441	19,765	5.4%
2013	89,705	3,709,032,635	41,347	20,295	5.2%
2014	91,157	3,542,543,334	38,862	20,503	4.4%
2015	93,261	3,940,277,250	42,250	20,755	3.2%
2016	94,576	3,823,896,832	40,432	20,973	3.6%
2017	99,852	4,007,759,724	40,137	21,054	3.1%

Sources: [a]Estimated population provided by the City of Allen.
[b]Estimated Per Capita Income provided by U.S. Census Bureau based on current income trends within the area.
[c]Allen Independent School District.
[d]Texas Workforce Commission.

CITY OF ALLEN, TEXAS **TABLE 14**
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)

2017			2008		
Employer	Employees	Percentage of Total City Employment	Employer	Employees	Percentage of Total City Employment
Allen Independent School District	2,733	7.84%	Allen Independent School District	2,346	10.28%
CVE Technology Group, Inc	2,100	6.02%	Presbyterian Hospital	858	3.76%
Experian Information Solutions	1,088	3.12%	City of Allen	712	3.12%
City of Allen	798	2.29%	Graphic Converting	650	2.85%
Texas Health Presbyterian Hospital	715	2.05%	Experian	575	2.52%
Frontier Communications	693	1.99%	Sanmina SCI	525	2.30%
Jack Henry & Associates	687	1.97%	Celerity, Inc	340	1.49%
PFSweb	425	1.22%	Jack Henry & Associates	362	1.59%
Andrew Distributing	420	1.20%	Sage Telecommunications	285	1.25%
Finisar	350	1.00%	RCL Enterprises / ColorDynamics	185	0.81%
Total	10,009	28.70%	Total	6,838	29.97%
Total Allen Daytime Employees	34,869		Total Allen Daytime Employees	22,814	

Source: Top ten employers and employee count provided by Allen Economic Development Corporation.

CITY OF ALLEN, TEXAS **TABLE 15**
FULL – TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(Unaudited)

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government and Adminstration	52.75	55.50	55.50	56.00	57.50	62.00	64.00	67.00	70.50	72.50
Public Safety	251.00	255.00	255.00	257.50	276.50	284.50	286.00	295.00	299.00	299.00
Public Works	51.50	52.50	52.50	54.00	53.00	53.00	54.50	55.50	59.00	59.00
Culture and Recreational	162.14	162.92	213.87	215.36	214.86	214.50	212.27	215.71	221.31	221.31
Water and Sewer	60.00	60.50	60.50	63.50	63.50	66.50	68.00	69.00	70.00	74.00
Golf Course	34.00	34.08	34.08	32.49	23.63	32.54	32.54	33.64	33.64	33.64
Community Development	30.00	31.00	29.00	28.00	28.00	26.00	27.00	27.50	28.50	27.50
Risk Management	2.00	2.00	2.00	2.00	2.00	3.00	4.00	4.00	4.00	4.00
Economic Development	4.00	4.00	4.25	4.25	4.25	4.25	6.25	7.00	7.00	7.00
Total	647.39	657.50	706.70	713.10	723.24	746.29	754.56	774.35	792.95	797.95

Source: City Budget Book

CITY OF ALLEN, TEXAS **TABLE 16**
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(Unaudited)

	Fiscal Year									
Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Public Safety										
Police										
Number of Employees	154	157	157	160	172	174	175	183	185	185
Number of Violations (Citations)	21,462	18,251	17,504	17,925	13,812	13,902	19,943	14,000	13,645	18,778
Fire										
Number of Employees	97	98	98	98	104	110	111	112	114	114
Number of Fire/Other runs	2,144	2,045	1,362	1,468	1,325	1,377	1,541	1,622	1,822	1,886
Number of EMS runs	2,008	2,084	2,885	3,155	3,193	3,613	3,703	3,812	4,162	4,210
Development Services										
Streets paved (miles)	5	2	4	3	4	1	4	1	5	5
Building Permits Issued[a]	5,287	4,014	4,689	4,993	5,192	6,013	9,538	7,549	7,022	7,116
Cultural and Recreational										
Parks and Recreation										
Park maintained & operated per acre	$ 5,191	$ 5,017	$ 4,887	$ 5,393	$ 5,117	$ 3,827	$ 4,022	$ 4,083	$ 4,092	$ 4,668
Participants in Leisure Service Programs	385,376	501,626	581,535	624,643	683,645	666,452	646,719	568,503	638,367	911,064
Rounds of Golf[c]	39,886	43,527	37,857	38,775	0	33,615	45,546	39,723	44,478	47,010
Library										
Volumes in Collection[b]	135,879	131,048	127,665	122,522	124,471	124,226	128,501	132,380	138,041	141,774
Water and Sewer										
Number of Water Consumers	26,162	26,598	27,094	27,495	27,974	28,669	29,124	29,750	30,332	30,920
Average Daily Water Consumption (gallons)	13,131,057	14,019,701	14,542,980	17,115,783	14,336,000	14,479,000	11,863,621	13,284,000	14,472,000	15,107,156
Maximum Storage Capacity (million of gallons)	31.5	31.0	31.0	33.0	33.0	33.0	33.0	33.0	33.0	33.0
Sanitation										
Recyclables Collected (tons)	7,571	9,232	9,374	9,307	9,517	9,667	9,920	10,015	10,108	10,578
Solid Waste Collected (tons)	52,699	52,457	53,660	56,233	53,960	53,445	55,142	59,591	62,009	63,712

Source: City Departments

Notes: [a]Includes residential, commercial, and miscellaneous (e.g. pools, fences, and roof repair) permits.

[b]Include books and media.

[c]Golf Course was closed for renovations in FY2012, and re-open on January 2013.

CITY OF ALLEN, TEXAS **TABLE 17**
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
FOR THE YEAR ENDED SEPTEMBER 30, 2017
(Unaudited)

	Fiscal Year									
Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Public Safety										
Police Stations	1	1	1	1	1	1	1	1	1	1
Police Patrol Units	23	24	23	23	27	27	27	27	28	31
Fire Stations	4	4	4	4	5	5	5	5	5	5
Police Motorcycle Units	4	4	4	4	4	4	4	4	4	4
Development Services										
Streets-Paved (miles)	312	314	318	321	325	326	330	331	336	341
Alleys-Paved (miles)	161	161	163	163	163	163	165	166	167	168
Cultural and Recreational										
Parks (acres)	578	578	576	576	597	597	599	599	607	614
Playgrounds	32	32	32	32	32	32	32	32	32	32
Swimming Pools (outdoor)	1	1	1	1	1	1	1	1	1	1
Recreation Centers	1	1	1	1	1	1	1	1	1	1
Senior Center	1	1	1	1	1	1	1	1	1	1
Tennis Courts	5	5	5	5	5	5	5	5	5	5
Natatorium	1	1	1	1	1	1	1	1	1	1
Visitor (Youth) Center	1	1	1	1	1	1	1	1	1	1
Golf Course	1	1	1	1	1	1	1	1	1	1
Event Center	-	-	1	1	1	1	1	1	1	1
Water and Sewer										
Water Mains (miles)	439	445	452	456	461	467	471	474	481	494
Fire Hydrants	3,941	3,954	3,981	4,022	4,144	4,210	4,329	4,398	4,560	4,675
Sanitary Sewers (miles)	334	336	339	342	346	352	354	356	361	370
Storm Sewer Lines (miles)	103	104	105	106	107	108	109	110	112	117

Source: City Departments